

**SCHEDULE B: PROPOSED REGULATIONS IMPLEMENTING  
STATUTES ENACTED PRIOR TO THE YEAR 2024**

**Subject: Market-based Rules – Personal Income Tax Sourcing and  
Withholding Provisions**

**California Code of Regulations Title and Sections Affected:** Title 18,  
Sections 17951-5, 17951-8

**Statute(s) Being Implemented:** Rev. and Tax. Code Section 17951

**Responsible Agency Unit:** Legal Division

**Contact Person and Phone Number:** Mina Mohaddress, (415) 904-5830

**Projected Notice Publication Date:** 06/25

**Projected Public Hearing Date:** 08/25

**Projected Adoption by Your Agency Date:** 10/25

**Projected To OAL for Review Date:** 12/25

**Report on the Status of all Uncompleted Rulemaking Described on  
Previous Calendars:** Staff held an interested parties meeting on October  
8, 2020. Staff received permission to proceed to the formal regulatory  
process from the three-member Board on September 9, 2024. Staff is  
working with its oversight agencies to finalize the necessary economic  
impact assessment and conclusions. Once that is complete, Staff will  
publish the *Notice of Proposed Rulemaking*, which is anticipated to occur in  
mid-2025.

**Subject: Nontaxable Exchanges**

**California Code of Regulations Title and Sections Affected:** Title 18,  
Section 17951-7

**Statute(s) Being Implemented:** Rev. and Tax. Code Section 17951

**Responsible Agency Unit:** Legal Division

**Contact Person and Phone Number:** Lawrence Xiao, (916) 845-6973

**Projected Notice Publication Date:** 09/25

**Projected Public Hearing Date:** 11/25

**Projected Adoption by Your Agency Date:** 01/26

**Projected To OAL for Review Date:** 05/26

**Report on the Status of all Uncompleted Rulemaking Described on Previous Calendars:** Interested parties meetings were held on Wednesday, February 3, 2016, March 30, 2021 and December 2022. Staff determined further revisions to regulation language were necessary and published a Notice seeking public comment on proposed revisions August 21, 2024. Staff anticipates publishing an additional Notice seeking public comment on additional proposed textual changes in early 2025.

**Subject: Domestic Pass-Through Entity Withholding**

**California Code of Regulations Title and Sections Affected: Title 18, Section 18662-0 through 18662-8, as applicable**

**Statute(s) Being Implemented:** Rev. and Tax. Code Section 18662

**Responsible Agency Unit:** Legal Division

**Contact Person and Phone Number:** Leah Thyberg, (916) 845-3617

**Projected Notice Publication Date:** 05/25

**Projected Public Hearing Date:** 07/25

**Projected Adoption by Your Agency Date:** 09/25

**Projected To OAL for Review Date:** 01/26

**Report on the Status of all Uncompleted Rulemaking Described on Previous Calendars:** Interested parties meetings were held on December 12, 2014, and September 8, 2017. Staff received permission to proceed to the formal regulatory process at the FTB meeting on September 9, 2021. Staff determined further revisions to regulation language were necessary and published a Notice seeking public comment on proposed revisions December 30, 2022. Staff again received permission to start the formal rulemaking process from the three-member Franchise Tax Board on

December 6, 2023. Staff is working with its oversight agencies to finalize the necessary Standardized Regulatory Impact Analysis. Once that is complete, Staff will publish the *Notice of Proposed Rulemaking*, which is anticipated to occur in mid-2025.

**Subject: Exempt Corporations**

**California Code of Regulations Title and Sections Affected:** Title 18, sections 23701, 23772, 23775, 23776, 23777, and 23778

**Statute(s) Being Implemented:** Rev. and Tax. Code Sections 23701, 23772, 23775, 23776, 23777, and 23778

**Responsible Agency Unit:** Legal Division

**Contact Person and Phone Number:** Bradley Kragel, (916) 845-2861

**Projected Notice Publication Date:** 06/26

**Projected Public Hearing Date:** 08/26

**Projected Adoption by Your Agency Date:** 10/26

**Projected To OAL for Review Date:** 03/27

**Report on the Status of all Uncompleted Rulemaking Described on Previous Calendars:** Staff held an interested parties meeting on June 18, 2024. Staff continues to develop this regulatory concept.

**Subject: Market Based Rules for Sales Other than Sales of Tangible Personal Property**

**California Code of Regulations Title and Sections Affected:** Title 18, Section 25136-2

**Statute(s) Being Implemented:** Rev. and Tax. Code Section 25136

**Responsible Agency Unit:** Legal Division

**Contact Person and Phone Number:** Hanna Cho, (916) 845-7298,

**Projected Notice Publication Date:** 09/24

**Projected Public Hearing Date:** 01/25

**Projected Adoption by Your Agency Date: 03/25**

**Projected To OAL for Review Date: 07/25**

**Report on the Status of all Uncompleted Rulemaking Described on Previous Calendars:** The Franchise Tax Board approved this project at its December 4, 2014, meeting. Amendments were approved by the Office of Administrative Law on September 15, 2016. Interested parties meetings on the subsequent project for possible additional amendments to the regulation were held on January 20, 2017, June 16, 2017, March 30, 2018, July 19, 2019, and July 21, 2020. Staff received permission to proceed to the formal regulatory process at the FTB meeting on September 9, 2021. Staff published the *Notice of Proposed Rulemaking* on September 13, 2024. Staff anticipates conducting a public hearing in January 2025.