SUMMARY OF FIRST INTERESTED PARTIES MEETING

California Code of Regulations, Title 18, Sections 23701, 23772, 23775–23778, Exempt Organizations

A. Administration.

On June 18, 2024, at 1:30 p.m., the Franchise Tax Board ("FTB") held the first Interested Parties Meeting ("IPM") concerning potential additions or amendments to the regulations at California Code of Regulations, title 18, sections 23701, 23772, and 23775 through 23778, relating to exempt organizations. Participants were able to submit written comments before and after the meeting. They were able submit verbal comments in person or by phone during the meeting.

Bradley Kragel, Attorney IV, Roman Johnston, Assistant Chief Counsel, and Red Gobuty, Attorney IV, served as the IPM Facilitators, referred herein collectively or individually as Facilitator. After explaining the purpose of the IPM was to provide the public with an opportunity to discuss and provide comments on potential additions or amendments to the regulations, a Facilitator advised Participants they had thirty days to submit written comments. A Facilitator further noted that this summary of the IPM and comments would thereafter be prepared and published online.

B. Discussion.

During the IPM, a Facilitator described amendments to the exempt corporation statutes, Revenue & Taxation Code, sections 23701 through 23778, and provided examples of language in the corresponding regulations that had not been amended to reflect the statutory changes. The Facilitator noted that the FTB was considering making amendments to these regulations to make them consistent with the amendments to the statutes. As the IPM proceeded, the Facilitator invited members of the public to make comments in person or by phone after each statutory and regulatory provision was discussed.

C. Summary.

Facilitator remarks regarding amendments to the exempt corporation statutes, Revenue & Taxation Code, sections 23701 through 23778, and potential additions or amendments to corresponding regulations, are presented below and are followed by a summary of the comments received during the IPM comment period.

Discussion Topic 1: California Code of Regulations, title 18, section 23701.

Facilitator's Remarks:

A Facilitator described amendments to Revenue & Taxation Code section 23701 and noted that no corresponding amendments were made to California Code of Regulations, title 18,

section 23701. The Facilitator noted that the FTB is considering making amendments to the regulation to make it consistent with the amendments to the statute.

Comments:

Two commentators requested an amendment to California Code of Regulations, title 18, section 23701, subsection (c)(1)(A)4 to include reference to division 1.5 of the Corporations Code to make Social Purpose Corporations eligible for tax exempt status in California. One of the commentators made the same request by letter.

Discussion Topic 2: California Code of Regulations, title 18, section 23772.

Facilitator's Remarks:

A Facilitator described amendments to Revenue & Taxation Code section 23772 and noted that no corresponding amendments were made to California Code of Regulations, title 18, section 23772. The Facilitator noted that the FTB is considering making amendments to the regulation to make it consistent with the amendments to the statute.

Comments:

There were no comments on this discussion topic.

Discussion Topic 3: California Code of Regulations, title 18, section 23778.

Facilitator's Remarks:

A Facilitator described amendments to Revenue & Taxation Code section 23778 and noted that no corresponding amendments were made to California Code of Regulations, title 18, section 23778. The Facilitator noted that the FTB is considering making amendments to the regulation to make it consistent with the changes to the statute. The Facilitator also noted that the FTB will be considering whether additions or amendments should be made to the regulations corresponding to Revenue & Taxation Code sections 23775 through 23777.

Comments:

There were no comments on this discussion topic.