

**Final Statement of Reasons for the Proposed Adoption of
New Chapter 5.6, Emergency Telephone Users Surcharge Act
Operative on and after January 1, 2020, and Amendments to Chapter 5.7,
Prepaid Mobile Telephony Services, and Proposed Repeal of Chapter 5.5,
Emergency Telephone Users Surcharge Law, in Division 2
of Title 18 of the California Code of Regulations**

UPDATE OF INFORMATION IN THE INITIAL STATEMENT OF REASONS

The California Department of Tax and Fee Administration (Department) adopted new chapter 5.6 (commencing with section (Regulation or Reg.) 2435), Emergency Telephone Users Surcharge Act Operative on and after January 1, 2020, in division 2 of title 18 of the California Code of Regulations (CCR) (chapter 5.6) and the proposed amendments to chapter 5.7 (commencing with Reg. 2460), Prepaid Mobile Telephony Services (MTS), in division 2 of title 18 of the CCR (chapter 5.7) without making any changes. The Department also repealed chapter 5.5 (commencing with Reg. 2401), Emergency Telephone Users Surcharge Law, in division 2 of title 18 of the CCR (chapter 5.5) without making any changes.

The Department notes that the provisions of subdivisions (d)(1), (2), (3), (4), (5) and (6) of Regulation 2438 are borrowed from the provisions of subdivisions (b)(1), (2), (3), (4), (6), and (7) of Regulation 2413, which is being repealed. The Department also notes that some provisions in the new regulations and proposed amendments repeat or rephrase provisions from statutes in the Revenue and Taxation Code because the Department determined that it is helpful for taxpayers to have all the information they need in one place, rather than require that they look to the statutes and regulations.

The Department did not receive any written comments regarding the proposed regulatory action or written requests for a public hearing to comment on the proposed regulatory action.

The factual basis, specific purposes, and necessity for, the problems to be addressed by, and the anticipated benefits from the adoption of the proposed regulatory action are the same as provided in the initial statement of reasons.

The Department did not rely on any data or any technical, theoretical, or empirical study, report, or similar document in proposing or adopting the proposed regulatory action that was not identified in the initial statement of reasons, or which was otherwise not identified or made available for public review prior to the close of the public comment period.

In addition, the factual basis has not changed for the Department's initial determination that the proposed regulatory action will not have a significant adverse economic impact on business, the Department's determination that the proposed regulatory action is not a major regulation, as defined in Government Code (GC) section 11342.548 and CCR, title 1, section 2000, and the Department's economic impact assessment, which determined that the proposed regulatory action:

- Will neither create nor eliminate jobs in the State of California nor result in the creation of new businesses or the elimination of existing businesses within the State of California;
- Will not affect the expansion of businesses currently doing business within the State of California; and
- Will not affect the benefits of the regulations in chapters 5.5, 5.6, and 5.7 to the health and welfare of California residents, worker safety, or the state's environment.

No Mandate Imposed on Local Agencies or School Districts

The Department has determined that the adoption of new chapter 5.6, the proposed amendments to chapter 5.7, and the repeal of chapter 5.5 will not impose a mandate on local agencies or school districts, including a mandate that requires state reimbursement under part 7 (commencing with section 17500) of division 4 of title 2 of the GC.

Determination Regarding Alternatives

The Department determined that no alternative to the adoption of new chapter 5.6, the proposed amendments to chapter 5.7, and the repeal of chapter 5.5 would be more effective in carrying out the purposes for which they are proposed, would be as effective and less burdensome to affected private persons than the adopted regulations, or would be more cost effective to affected private persons and equally effective in implementing the statutory policy or other provisions of law.

The Department did not reject any reasonable alternative to new chapter 5.6, the proposed amendments to chapter 5.7, and the repeal of chapter 5.5 that would lessen any adverse impact the proposed regulatory action may have on small business.

No reasonable alternative has been identified and brought to the Department's attention that would lessen any adverse impact the proposed action may have on small business, be more effective in carrying out the purpose for which the action is proposed, would be as effective and less burdensome to affected private persons than the proposed action, or would be more cost effective to affected private persons and equally effective in implementing the statutory policy or other provision of law than the proposed action.