

**Final Statement of Reasons for  
Proposed Amendments to California Code of Regulations,  
Title 18, Section 1698, *Records*, and Section 4901, *Records***

UPDATE OF INFORMATION IN THE INITIAL STATEMENT OF REASONS

The State Board of Equalization (Board) held a public hearing regarding the proposed amendments to California Code of Regulations, title 18, sections (Regulations) 1698, *Records*, and 4901, *Records*, on March 29, 2016. During the public hearing, the Board unanimously voted to adopt the proposed amendments to Regulation 1698 and Regulation 4901 with a few minor non-substantial changes.<sup>1</sup> The Board did not receive any written comments regarding the proposed regulatory action and no interested parties appeared at the public hearing on March 29, 2016, 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 amendments to Regulations 1698 and 4901 are the same as provided in the initial statement of reasons.

The Board anticipates that the proposed amendments to Regulations 1698 and 4901 will benefit business owners that use electronic cash registers, including point-of-sale (POS) systems, and maintain records in electronic format by providing updated guidance about the electronic records they must maintain and make available to the Board. The Board also anticipates that the amendments to Regulation 4901, subdivision (a)(1), will benefit the Board by eliminating the need for further revisions to Regulation 4901 when new taxes and fees are enacted that are administered under the Fee Collection Procedures Law.

The adoption of proposed amendments to Regulations 1698 and 4901 is not mandated by federal law or regulations. There is no previously adopted or amended federal regulation that is identical to Regulations 1698 and 4901 or the proposed amendments to Regulations 1698 and 4901.

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<sup>1</sup> The Board inserted inadvertently omitted periods at the ends of subdivisions (c)(2)(A) and (k) in Regulation 1698. The Board added ~~strikeout~~ to delete an extra space before the word “microfiche” in Regulation 1698, subdivision (a)(4), and Regulation 4901, subdivision (a)(5). The Board deleted an extra space after “Collection” in and added a parenthetical cross-reference to Regulation 3500, *Application of the Fee Collection Procedures Law*, which lists the fees and taxes collected pursuant to the Fee Collections Procedures Law, to new subdivision (a)(1)(H) in Regulation 4901. The Board added an inadvertently omitted “s” to the end of “sections” in renumbered subdivision (a)(1)(N), which is in the current text of the subdivision, and added an inadvertently omitted space between subdivision (c)(2)(A) and newly numbered subdivision (c)(2)(A)1 in Regulation 4901. The Board also added ~~strikeout~~ to delete “.30” from the reference to section “41129.30” in Regulation 4901’s reference note to correct a typographical error in the current text of the reference note.

The Board did not rely on any data or any technical, theoretical, or empirical study, report, or similar document in proposing or adopting the proposed amendments to Regulations 1698 and 4901 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 Board's initial determination that the proposed regulatory action will not have a significant adverse economic impact on business, the Board's determination that the proposed regulatory action is not a major regulation, as defined in Government Code section 11342.548 and California Code of Regulations, title 1, section 2000, and the Board's economic impact assessment, which determined that the Board's proposed regulatory action:

- Will neither create nor eliminate jobs in the State of California;
- Nor result in the elimination of existing businesses;
- Nor create or expand business in the State of California; and
- Will not affect the benefits of Regulations 1698 and 4901 to the health and welfare of California residents, worker safety, or the state's environment.

The proposed amendments to Regulations 1698 and 4901 may affect small business.

#### No Mandate on Local Agencies or School Districts

The Board has determined that the adoption of the proposed amendments to Regulations 1698 and 4901 does not impose a mandate on local agencies or school districts.

#### Public Comments

The Board did not receive any written public comments regarding the proposed regulatory action, and no interested parties appeared at the public hearing on March 29, 2016, to comment on the proposed regulatory action.

#### Determination Regarding Alternatives

By its motion on March 29, 2016, the Board determined that no alternative to the proposed amendments to Regulations 1698 and 4901 would be more effective in carrying out the purposes for which the amendments are proposed, would be as effective and less burdensome to affected private persons than the adopted amendments, or would be more cost effective to affected private persons and equally effective in implementing the statutory policy or other provisions of law.

The Board did not reject any reasonable alternative to proposed amendments to Regulations 1698 and 4901 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 Board's attention that would lessen any adverse impact the proposed action may have on small business, be more effective in carrying out the purposes 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.