

Rule 140.1
Section 100

Complete Rule Making File

OAL Approval with Approved Text Rule 140.1

Index

1. *Form 400 and Proposed Rule 140.1*
2. *Statement of Explanation*
3. *Section 15641*
4. *Section 15611*
5. *AB 339*

Other Documents Relied upon

- A. *Chief Counsel Memo Dated 10/08/14*
- B. *Minutes, 11/19/14*
- C. *Reporters Transcript, 11/19/14*

OFFICE OF ADMINISTRATIVE LAW

300 Capitol Mall, Suite 1250
Sacramento, CA 95814
(916) 323-6225 FAX (916) 323-6826



DEBRA M. CORNEZ
Director

MEMORANDUM

TO: Richard Bennion
FROM: OAL Front Desk *jo*
DATE: 1/29/2015
RE: Return of Approved Rulemaking Materials
OAL File No. 2014-1218-01N

OAL hereby returns this file your agency submitted for our review (OAL File No. 2014-1218-01N regarding Requirements for Managing General Partner of Limited Partnership).

If this is an approved file, it contains a copy of the regulation(s) stamped “ENDORSED APPROVED” by the Office of Administrative Law and “ENDORSED FILED” by the Secretary of State. The effective date of an approved regulation is specified on the Form 400 (see item B.5). **Beginning January 1, 2013**, unless an exemption applies, Government Code section 11343.4 states the effective date of an approved regulation is determined by the date the regulation is filed with the Secretary of State (see the date the Form 400 was stamped “ENDORSED FILED” by the Secretary of State) as follows:

- (1) **January 1** if the regulation or order of repeal is filed on September 1 to November 30, inclusive.
- (2) **April 1** if the regulation or order of repeal is filed on December 1 to February 29, inclusive.
- (3) **July 1** if the regulation or order of repeal is filed on March 1 to May 31, inclusive.
- (4) **October 1** if the regulation or order of repeal is filed on June 1 to August 31, inclusive.

If an exemption applies concerning the effective date of the regulation approved in this file, then it will be specified on the Form 400. The Notice of Approval that OAL sends to the state agency will contain the effective date of the regulation. The history note that will appear at the end of the regulation section in the California Code of Regulations will also include the regulation’s effective date. Additionally, the effective date of the regulation will be noted on OAL’s Web site once OAL posts the Internet Web site link to the full text of the regulation that is received from the state agency. (Gov. Code, secs. 11343 and 11344.)

Please note this new requirement: Unless an exemption applies, Government Code section 11343 now requires:

1. **Section 11343(c)(1):** Within 15 days of OAL filing a state agency’s regulation with the Secretary of State, the state agency is required to post the regulation on its Internet Web site in an easily marked and identifiable location. The state agency shall keep the regulation posted on its Internet Web site for at least six months from the date the regulation is filed with the Secretary of State.
2. **Section 11343(c)(2):** Within five (5) days of posting its regulation on its Internet Web site, the state agency shall send to OAL the Internet Web site link of each regulation that the agency posts on its Internet Web site pursuant to section 11343(c)(1).

OAL has established an email address for state agencies to send the Internet Web site link to for each regulation the agency posts. Please send the Internet Web site link for each regulation posted to OAL at postedregslink@oal.ca.gov.

NOTE ABOUT EXEMPTIONS. Posting and linking requirements do not apply to emergency regulations; regulations adopted by FPPC or Conflict of Interest regulations approved by FPPC; and regulations not subject to OAL/APA review. However, an exempt agency may choose to comply with these requirements, and OAL will post the information accordingly.

DO NOT DISCARD OR DESTROY THIS FILE

Due to its legal significance, you are required by law to preserve this rulemaking record. Government Code section 11347.3(d) requires that this record be available to the public and to the courts for possible later review. Government Code section 11347.3(e) further provides that "...no item contained in the file shall be removed, altered, or destroyed or otherwise disposed of." See also the State Records Management Act (Government Code section 14740 et seq.) and the State Administrative Manual (SAM) section 1600 et seq.) regarding retention of your records.

If you decide not to keep the rulemaking records at your agency/office or at the State Records Center, you may transmit it to the State Archives with instructions that the Secretary of State shall not remove, alter, or destroy or otherwise dispose of any item contained in the file. See Government Code section 11347.3(f).

Enclosures

STD. 400 (REV. 01-2013)

OAL FILE NUMBERS Z-	NOTICE FILE NUMBER	REGULATORY ACTION NUMBER 2014-1218-01N	EMERGENCY NUMBER
For use by Office of Administrative Law (OAL) only			
NOTICE		REGULATIONS	
AGENCY WITH RULEMAKING AUTHORITY State Board of Equalization			AGENCY FILE NUMBER (if any)

2014 DEC 18 AM 9:49
OFFICE OF ADMINISTRATIVE LAW

ENDORSED - FILED
In the office of the Secretary of State
of the State of California
JAN 28 2015
2:12 PM

A. PUBLICATION OF NOTICE (Complete for publication in Notice Register)

1. SUBJECT OF NOTICE	TITLE(S)	FIRST SECTION AFFECTED	2. REQUESTED PUBLICATION DATE
3. NOTICE TYPE <input type="checkbox"/> Notice re Proposed Regulatory Action <input type="checkbox"/> Other	4. AGENCY CONTACT PERSON	TELEPHONE NUMBER	FAX NUMBER (Optional)
OAL USE ONLY <input type="checkbox"/> Approved as Submitted <input type="checkbox"/> Approved as Modified <input type="checkbox"/> Disapproved/Withdrawn	ACTION ON PROPOSED NOTICE	NOTICE REGISTER NUMBER	PUBLICATION DATE

B. SUBMISSION OF REGULATIONS (Complete when submitting regulations)

1a. SUBJECT OF REGULATION(S) Requirements for Managing General Partner of Limited Partnership	1b. ALL PREVIOUS RELATED OAL REGULATORY ACTION NUMBER(S)
2. SPECIFY CALIFORNIA CODE OF REGULATIONS TITLE(S) AND SECTION(S) (Including title 26, if toxics related)	
SECTION(S) AFFECTED (List all section number(s) individually. Attach additional sheet if needed.)	ADOPT
	AMEND 140.1
TITLE(S) 18	REPEAL
3. TYPE OF FILING	
<input type="checkbox"/> Regular Rulemaking (Gov. Code §11346)	<input type="checkbox"/> Certificate of Compliance: The agency officer named below certifies that this agency complied with the provisions of Gov. Code §§11346.2-11347.3 either before the emergency regulation was adopted or within the time period required by statute.
<input type="checkbox"/> Resubmission of disapproved or withdrawn nonemergency filing (Gov. Code §§11349.3, 11349.4)	<input type="checkbox"/> Emergency Readopt (Gov. Code, §11346.1(h))
<input type="checkbox"/> Emergency (Gov. Code, §11346.1(b))	<input type="checkbox"/> Resubmission of disapproved or withdrawn emergency filing (Gov. Code, §11346.1)
<input type="checkbox"/> Changes Without Regulatory Effect (Cal. Code Regs., title 1, §100)	<input type="checkbox"/> File & Print
<input type="checkbox"/> Print Only	<input type="checkbox"/> Other (Specify) _____
4. ALL BEGINNING AND ENDING DATES OF AVAILABILITY OF MODIFIED REGULATIONS AND/OR MATERIAL ADDED TO THE RULEMAKING FILE (Cal. Code Regs. title 1, §44 and Gov. Code §11347.1)	
5. EFFECTIVE DATE OF CHANGES (Gov. Code, §§ 11343.4, 11346.1(d); Cal. Code Regs., title 1, §100)	
<input type="checkbox"/> Effective January 1, April 1, July 1, or October 1 (Gov. Code §11343.4(a))	<input type="checkbox"/> Effective on filing with Secretary of State
<input checked="" type="checkbox"/> \$100 Changes Without Regulatory Effect	<input type="checkbox"/> Effective other (Specify) _____
6. CHECK IF THESE REGULATIONS REQUIRE NOTICE TO, OR REVIEW, CONSULTATION, APPROVAL OR CONCURRENCE BY, ANOTHER AGENCY OR ENTITY	
<input type="checkbox"/> Department of Finance (Form STD. 399) (SAM §6660)	<input type="checkbox"/> Fair Political Practices Commission
<input type="checkbox"/> Other (Specify) _____	<input type="checkbox"/> State Fire Marshal
7. CONTACT PERSON Richard E. Bennion	TELEPHONE NUMBER (916) 445-2130
FAX NUMBER (Optional) (916) 324-3984	E-MAIL ADDRESS (Optional) rbennion@boe.ca.gov

8. I certify that the attached copy of the regulation(s) is a true and correct copy of the regulation(s) identified on this form, that the information specified on this form is true and correct, and that I am the head of the agency taking this action, or a designee of the head of the agency, and am authorized to make this certification.

SIGNATURE OF AGENCY HEAD OR DESIGNEE <i>Joann Richmond</i>	DATE December 15, 2014
TYPED NAME AND TITLE OF SIGNATORY Joann Richmond, Chief, Board Proceedings Division	

For use by Office of Administrative Law (OAL) only

ENDORSED APPROVED

JAN 28 2015

Office of Administrative Law

Text of Proposed Changes to

Title 18. Public Revenue

140.1. Requirements for Managing General Partner of Limited Partnership for Welfare Exemption for Low-Income Housing Properties.

(a) Definitions. The definitions set forth in this regulation shall govern the construction of Revenue and Taxation Code section 214, subdivision (g), which provides the requirements for the welfare exemption for low-income housing properties owned by a limited partnership in which the managing general partner is an eligible nonprofit corporation or eligible limited liability company.

(1) “General partner” means “general partner” as defined by section 15901.0215611, subdivision (~~m~~) of the Corporations Code.

(2) “Limited partner” means “limited partner” as defined by section 15901.0215611, subdivision (~~p~~) of the Corporations Code.

(3) “Limited partnership” means a “limited partnership” as defined by section 15901.0215611, subdivision (~~q~~) of the Corporations Code, or a “foreign limited partnership” as defined by section 15901.0215611, subdivision (~~k~~) of the Corporations Code.

(4) . . . (unchanged).

(5) . . . (unchanged).

(6) . . . (unchanged):

(A) . . . (unchanged);

(B) . . . (unchanged);

(C) . . . (unchanged); and

(D) . . . (unchanged).

(7) . . . (unchanged):

(A) . . . (unchanged);

(B) . . . (unchanged);

(C) . . . (unchanged);

(D) . . . (unchanged); and

(E) . . . (unchanged).

(8) . . . (unchanged).

(9) . . . (unchanged).

(10) . . . (unchanged):

(A) . . . (unchanged);

(B) . . . (unchanged);

(C) . . . (unchanged);

(D) . . . (unchanged);

(E) . . . (unchanged);

(F) . . . (unchanged);

(G) . . . (unchanged);

(H) . . . (unchanged);

(I) . . . (unchanged);

(J) . . . (unchanged);

(K) . . . (unchanged); and

(L) . . . (unchanged).

(b) . . . (unchanged):

(1) . . . (unchanged);

(2) . . . (unchanged);

(3) . . . (unchanged);

(4) . . . (unchanged);

(5) . . . (unchanged);

(6) . . . (unchanged);

(7) . . . (unchanged);

(8) . . . (unchanged);

(9) . . . (unchanged);

(10) . . . (unchanged);

(11) . . . (unchanged);

(12) . . . (unchanged); and

(13) . . . (unchanged).

(c) Substitution of Managing General Partner. A limited partnership in which the managing general partner is an eligible nonprofit corporation or an eligible limited liability company that has qualified for the welfare exemption for low-income housing may allow a substitution of its managing general partner by another eligible nonprofit corporation or eligible limited liability company without affecting the organizational qualification for the welfare exemption provided that:

(1) the limited partnership agreement authorizes the withdrawal or removal of the managing general partner and the admission of a substitute managing general partner on the same effective date and such admission of the substituting managing general partner into the limited partnership is in compliance with the requirements of section ~~15904.0115641~~ of the Corporations Code; and

(2) . . . (unchanged).

(d) . . . (unchanged):

(1) . . . (unchanged); or

(2) . . . (unchanged).

(e) . . . (unchanged).

(f) . . . (unchanged).

Note: Authority cited: Section 15606, Government Code. Reference: Section 214, Revenue and Taxation Code.

Memorandum

To : Richard Smith
Office of Administrative Law
300 Capitol Mall, Suite 1250
Sacramento, CA 95814

2015 JAN 27 AM 9: 24
OFFICE OF
ADMINISTRATIVE LAW

Date: January 27, 2015

From : Richard Bennion
Regulations Coordinator
Board Proceedings Division, MIC: 80

Subject : *OAL File No. 2014-1218-01N*
Rule 140.1, Requirements for Managing General Partner of Limited Partnership for Welfare Exemption for Low-Income Housing Properties.

The Office of Administrative Law (OAL) is authorized to make the following substitutions and corrections in connection with the above-referenced rulemaking file:

1. Please replace the Final Statement of Reasons with the Final Statement of Reasons I have hand delivered to your office.

If you have any questions or comments, please notify me at (916) 445-2130 or email at Richard.Bennion@boe.ca.gov.

REB

CHANGES WITHOUT REGULATORY EFFECT UNDER
CALIFORNIA CODE OF REGULATIONS, TITLE 1, SECTION 100

Statement of Explanation

Title 18. Public Revenues

Rule 140.1. Requirements for Managing General Partner of Limited Partnership for Welfare
Exemption for Low-Income Housing Properties.

A. Factual Basis

The State Board of Equalization (Board) adopted California Code of Regulations, title 18, section (Property Tax Rule) 140.1, *Requirements for Managing General Partner of Limited Partnership for Welfare Exemption for Low-Income Housing Properties*, in 2006. Property Tax Rule 140.1 defines the term “managing general partner” and prescribes the requirements to establish that an eligible nonprofit corporation is the managing general partner of a limited partnership for purposes of establishing that the limited partnership is a qualifying organization for purposes of claiming the welfare exemption under Revenue and Taxation Code section 214, subdivision (g).

As relevant here, Property Tax Rule 140.1, subdivision (a)(1) through (3), defines the terms “general partner,” “limited partner,” “limited partnership,” and “foreign limited partnership” by referring to the definitions in Corporations Code section 15611, subdivisions (l), (n), (q), and (r), which defined the same terms for purposes of the California Revised Limited Partnership Act (former Corp. Code, §§ 15611-15724) in effect in 2006. In addition, Property Tax Rule 140.1, subdivision (c)(1), provides for a qualifying limited partnership to substitute managing general partners so long as the admission of the “substituting managing general partner into the limited partnership is in compliance with the requirements of section 15641 of the Corporations Code,” which governed the admission of general partners to limited partnerships under the California Revised Limited Partnership Act.

Corporations Code sections 15901.02 and 15904.01 were included as part of the Uniform Limited Partnership Act of 2008, which was enacted by Assembly Bill No. (AB) 339 (Stats. 2006, ch. 495, § 20). Corporations Code section 15901.02, subdivisions (k), (m), (p), and (q), respectively define the terms “foreign limited partnership,” “general partner,” “limited partner,” and “limited partnership” for purposes of the Uniform Limited Partnership Act of 2008. Corporations Code section 15904.01 governs the admission of general partners to limited partnerships under the Uniform Limited Partnership Act of 2008.

Corporations Code section 15912.06 was also enacted as part of the Uniform Limited Partnership Act of 2008 and it expressly provides that Corporations Code sections 15901.02 and 15904.01 govern all limited partnerships beginning on January 1, 2010. In addition, Corporations Code section 15724 was enacted by AB 339, section 18, and it provided for the repeal of the entire California Revised Limited Partnership Act, including Corporations Code sections 15611 and 15641, effective January 1, 2010. Therefore, in accordance with Corporations Code sections 15724 and 15912.06, the definitions in Corporations Code section 15611 were superseded by the definitions in Corporations Code section 15901.02, and the provisions governing the admission of general partners in Corporations Code section 15641 were superseded by the provisions governing the admission of general partners in Corporations Code section 15904.01, beginning on January 1, 2010.

As a result, the Board proposes to:

- Replace the reference to the definition of general partner in repealed Corporations Code section 15611, subdivision (n), with a reference to the current definition of general partner in Corporations Code section 15901.02, subdivision (m), in subdivision (a)(1) of Property Tax Rule 140.1;
- Replace the reference to the definition of limited partner in repealed Corporations Code section 15611, subdivision (q), with a reference to the current definition of limited partner in Corporations Code section 15901.02, subdivision (p), in subdivision (a)(2) of Property Tax Rule 140.1;
- Replace the reference to the definition of limited partnership in repealed Corporations Code section 15611, subdivisions (r), and the reference to the definition of foreign limited partnership in repealed Corporations Code section 15611, subdivision (l), with references to the current definitions of limited partnership and foreign limited partnership in Corporations Code section 15901.02, subdivisions (q) and (k), respectively, in subdivision (a)(3) of Property Tax Rule 140.1; and
- Replace the reference to the provisions governing the admission of general partners to limited partnerships in repealed Corporations Code section 15641 with a reference to the current provisions governing the admission of general partners to limited partnerships in Corporations Code section 15904.01, in subdivision (c)(1) of Property Tax Rule 140.1.

The Board has determined that the proposed changes to Property Tax Rule 140.1 are appropriate for processing under California Code of Regulations, title 1, section (Rule) 100, subdivision (a)(6). This is because the changes update statutory cross-references to make the regulation consistent with current law, the Board has no discretion to adopt changes that differ in substance from the proposed changes, and the proposed changes do not materially alter any requirement, right, responsibility, condition, prescription or other regulatory element of any California Code of Regulations provision.

B. Proposed Changes

The following Rule 100 changes are proposed to Property Tax Rule 140.1:

TEXT OF PROPOSED CHANGES

140.1. Requirements for Managing General Partner of Limited Partnership for Welfare Exemption for Low-Income Housing Properties.

(a) Definitions. The definitions set forth in this regulation shall govern the construction of Revenue and Taxation Code section 214, subdivision (g), which provides the requirements for the welfare exemption for low-income housing properties owned by a limited partnership in which the managing general partner is an eligible nonprofit corporation or eligible limited liability company.

(1) “General partner” means “general partner” as defined by section 15901.0215611, subdivision (~~m~~) of the Corporations Code.

(2) “Limited partner” means “limited partner” as defined by section 15901.0215611, subdivision (~~p~~) of the Corporations Code.

(3) “Limited partnership” means a “limited partnership” as defined by section 15901.0215611, subdivision (~~q~~) of the Corporations Code, or a “foreign limited partnership” as defined by section 15901.0215611, subdivision (~~k~~) of the Corporations Code.

(4) . . . (unchanged).

(5) . . . (unchanged).

(6) . . . (unchanged):

(A) . . . (unchanged);

(B) . . . (unchanged);

(C) . . . (unchanged); and

(D) . . . (unchanged).

(7) . . . (unchanged):

(A) . . . (unchanged);

(B) . . . (unchanged);

(C) . . . (unchanged);

(D) . . . (unchanged); and

(E) . . . (unchanged).

(8) . . . (unchanged).

(9) . . . (unchanged).

(10) . . . (unchanged):

(A) . . . (unchanged);

(B) . . . (unchanged);

(C) . . . (unchanged);

(D) . . . (unchanged);

(E) . . . (unchanged);

(F) . . . (unchanged);

(G) . . . (unchanged);

(H) . . . (unchanged);

(I) . . . (unchanged);

(J) . . . (unchanged);

(K) . . . (unchanged); and

(L) . . . (unchanged).

(b) . . . (unchanged):

(1) . . . (unchanged);

(2) . . . (unchanged);

(3) . . . (unchanged);

- (4) . . . (unchanged);
- (5) . . . (unchanged);
- (6) . . . (unchanged);
- (7) . . . (unchanged);
- (8) . . . (unchanged);
- (9) . . . (unchanged);
- (10) . . . (unchanged);
- (11) . . . (unchanged);
- (12) . . . (unchanged); and
- (13) . . . (unchanged).

(c) Substitution of Managing General Partner. A limited partnership in which the managing general partner is an eligible nonprofit corporation or an eligible limited liability company that has qualified for the welfare exemption for low-income housing may allow a substitution of its managing general partner by another eligible nonprofit corporation or eligible limited liability company without affecting the organizational qualification for the welfare exemption provided that:

(1) the limited partnership agreement authorizes the withdrawal or removal of the managing general partner and the admission of a substitute managing general partner on the same effective date and such admission of the substituting managing general partner into the limited partnership is in compliance with the requirements of section 15904.0115641 of the Corporations Code; and

(2) . . . (unchanged).

(d) . . . (unchanged):

(1) . . . (unchanged); or

(2) . . . (unchanged).

(e) . . . (unchanged).

(f) . . . (unchanged).

Note: Authority cited: Section 15606, Government Code. Reference: Section 214, Revenue and Taxation Code.

OAL File No. 2014-1202-04S

CONCLUSION

SUMMARY OF REGULATORY ACTION

On December 2, 2014, the Office of Environmental Health Hazard Assessment (Office) submitted to the Office of Administrative Law (OAL) its proposed regulatory action to adopt section 25904 in title 27 of the California Code of Regulations. This regulatory provision sets out the procedures used to identify chemicals and substances that are to be added to the Proposition 65 list and the process used to remove them from that list.

On January 15, 2015, OAL notified the Office that OAL disapproved the proposed regulations because the regulations failed to comply with the clarity standard of Government Code section 11349.1 and the Office failed to follow procedural requirements of the California Administrative Procedure Act (APA). This Decision of Disapproval of Regulatory Action explains the reasons for OAL's action.

DECISION

OAL disapproved the above-referenced regulatory action for the following reasons:

- A. The proposed regulations failed to comply with the clarity standard of Government Code section 11349.1, subdivision (a)(3);
- B. The Office failed to comply with APA procedural requirements by omitting to:
 - 1. summarize and respond to all of the public comments made regarding the proposed action pursuant to Government Code section 11346.9, subdivision (a)(3);
 - 2. identify in a 15-day notice documents relied upon that were added to the record and state the place and business hours that the documents are available for public inspection, pursuant to Government Code section 11347.1, subdivision (b);
 - 3. include authority and reference citations in the proposed regulation, pursuant to Government Code section 11343, subdivision (d), Government Code section 11346.2, subdivision (a)(2), and California Code of Regulations section 8, subdivision (a); and
 - 4. clearly indicate additions and deletions to the proposed regulatory text.

All APA issues must be resolved prior to OAL's approval of any resubmission.

For the reasons stated above, OAL disapproved this regulatory action proposed by the Office. If you have any questions, please contact me at (916) 323-6824.

Date: January 22, 2015

Thanh Huynh
 Senior Attorney
 FOR: DEBRA M. CORNEZ
 Director
 Original: George Alexeeff
 Copy: Monet Vela

SUMMARY OF REGULATORY ACTIONS

REGULATIONS FILED WITH SECRETARY OF STATE

This Summary of Regulatory Actions lists regulations filed with the Secretary of State on the dates indicated. Copies of the regulations may be obtained by contacting the agency or from the Secretary of State, Archives, 1020 O Street, Sacramento, CA 95814, (916) 653-7715. Please have the agency name and the date filed (see below) when making a request.

File# 2014-1218-01
BOARD OF EQUALIZATION
 Requirements for Managing General Partner of Limited Partnership

The Board of Equalization submitted this action to make changes without regulatory effect, pursuant to 1 CCR sec. 100, to section 140.1 of title 18 of the California Code of Regulations, which pertains to requirements for a managing general partner of a limited partnership for a welfare exemption for low-income housing properties. The changes update cross-references to statutory definitions related to limited partnerships and a statutory cross-reference to provisions for adding a general partner to a limited partnership under the Uniform Limited Partnership Act of 2008, commencing with section 15900 of the Corporations Code.

Title 18
 California Code of Regulations
 AMEND: 140.1
 Filed 01/28/2015
 Agency Contact:
 Richard E. Bennion (916) 445-2130

Rule 140.1
Section 100

Index

1. *Form 400 and Proposed Rule 140.1*
2. *Statement of Explanation*
3. *Section 15641*
4. *Section 15611*
5. *AB 339*

NONSUBSTANTIVE

NOTICE PUBLICATION/REGULATIONS SUBMISSION

(See instructions on reverse)

For use by Secretary of State only

STD. 400 (REV. 01-2013)

OAL FILE NUMBERS	NOTICE FILE NUMBER Z-	REGULATORY ACTION NUMBER 2014-1218-01N	EMERGENCY NUMBER
------------------	--------------------------	---	------------------

For use by Office of Administrative Law (OAL) only

NOTICE	REGULATIONS
--------	-------------

2014 DEC 18 AM 9:45
OFFICE OF ADMINISTRATIVE LAW

AGENCY WITH RULEMAKING AUTHORITY
State Board of Equalization

AGENCY FILE NUMBER (if any)

A. PUBLICATION OF NOTICE (Complete for publication in Notice Register)

1. SUBJECT OF NOTICE	TITLE(S)	FIRST SECTION AFFECTED	2. REQUESTED PUBLICATION DATE
3. NOTICE TYPE <input type="checkbox"/> Notice re Proposed Regulatory Action <input type="checkbox"/> Other	4. AGENCY CONTACT PERSON	TELEPHONE NUMBER	FAX NUMBER (Optional)
OAL USE ONLY <input type="checkbox"/> Approved as Submitted <input type="checkbox"/> Approved as Modified <input type="checkbox"/> Disapproved/Withdrawn	ACTION ON PROPOSED NOTICE	NOTICE REGISTER NUMBER	PUBLICATION DATE

B. SUBMISSION OF REGULATIONS (Complete when submitting regulations)

1a. SUBJECT OF REGULATION(S) Requirements for Managing General Partner of Limited Partnership	1b. ALL PREVIOUS RELATED OAL REGULATORY ACTION NUMBER(S)
--	--

2. SPECIFY CALIFORNIA CODE OF REGULATIONS TITLE(S) AND SECTION(S) (Including title 26, if toxics related)
SECTION(S) AFFECTED (List all section number(s) individually. Attach additional sheet if needed.)
ADOPT
AMEND 140.1
REPEAL
TITLE(S) 18

3. TYPE OF FILING			
<input type="checkbox"/> Regular Rulemaking (Gov. Code §11346) <input type="checkbox"/> Resubmittal of disapproved or withdrawn nonemergency filing (Gov. Code §§11349.3, 11349.4) <input type="checkbox"/> Emergency (Gov. Code, §11346.1(b))	<input type="checkbox"/> Certificate of Compliance: The agency officer named below certifies that this agency complied with the provisions of Gov. Code §§11346.2-11347.3 either before the emergency regulation was adopted or within the time period required by statute. <input type="checkbox"/> Resubmittal of disapproved or withdrawn emergency filing (Gov. Code, §11346.1)	<input type="checkbox"/> Emergency Readopt (Gov. Code, §11346.1(h)) <input type="checkbox"/> File & Print <input type="checkbox"/> Other (Specify) _____	<input checked="" type="checkbox"/> Changes Without Regulatory Effect (Cal. Code Regs., title 1, §100) <input type="checkbox"/> Print Only

4. ALL BEGINNING AND ENDING DATES OF AVAILABILITY OF MODIFIED REGULATIONS AND/OR MATERIAL ADDED TO THE RULEMAKING FILE (Cal. Code Regs. title 1, §44 and Gov. Code §11347.1)

5. EFFECTIVE DATE OF CHANGES (Gov. Code, §§ 11343.4, 11346.1(d); Cal. Code Regs., title 1, §100)
<input type="checkbox"/> Effective January 1, April 1, July 1, or October 1 (Gov. Code §11343.4(a)) <input type="checkbox"/> Effective on filing with Secretary of State <input checked="" type="checkbox"/> §100 Changes Without Regulatory Effect <input type="checkbox"/> Effective other (Specify) _____

6. CHECK IF THESE REGULATIONS REQUIRE NOTICE TO, OR REVIEW, CONSULTATION, APPROVAL OR CONCURRENCE BY, ANOTHER AGENCY OR ENTITY		
<input type="checkbox"/> Department of Finance (Form STD. 399) (SAM §6660) <input type="checkbox"/> Other (Specify) _____	<input type="checkbox"/> Fair Political Practices Commission	<input type="checkbox"/> State Fire Marshal

7. CONTACT PERSON Richard E. Bennion	TELEPHONE NUMBER (916) 445-2130	FAX NUMBER (Optional) (916) 324-3984	E-MAIL ADDRESS (Optional) rbennion@boe.ca.gov
---	------------------------------------	---	--

8. I certify that the attached copy of the regulation(s) is a true and correct copy of the regulation(s) identified on this form, that the information specified on this form is true and correct, and that I am the head of the agency taking this action, or a designee of the head of the agency, and am authorized to make this certification.

For use by Office of Administrative Law (OAL) only

SIGNATURE OF AGENCY HEAD OR DESIGNEE <i>Joann Richmond</i>	DATE December 15, 2014
TYPED NAME AND TITLE OF SIGNATORY Joann Richmond, Chief, Board Proceedings Division	

CHANGES WITHOUT REGULATORY EFFECT UNDER
CALIFORNIA CODE OF REGULATIONS, TITLE 1, SECTION 100

Statement of Explanation

Title 18. Public Revenues

Rule 140.1. Requirements for Managing General Partner of Limited Partnership for Welfare
Exemption for Low-Income Housing Properties.

A. Factual Basis

The State Board of Equalization (Board) adopted California Code of Regulations, title 18, section (Property Tax Rule) 140.1, *Requirements for Managing General Partner of Limited Partnership for Welfare Exemption for Low-Income Housing Properties*, in 2006. Property Tax Rule 140.1 defines the term “managing general partner” and prescribes the requirements to establish that an eligible nonprofit corporation is the managing general partner of a limited partnership for purposes of establishing that the limited partnership is a qualifying organization for purposes of claiming the welfare exemption under Revenue and Taxation Code section 214, subdivision (g).

As relevant here, Property Tax Rule 140.1, subdivision (a)(1) through (3), defines the terms “general partner,” “limited partner,” “limited partnership,” and “foreign limited partnership” by referring to the definitions in Corporations Code section 15611, subdivisions (l), (n), (q), and (r), which defined the same terms for purposes of the California Revised Limited Partnership Act (former Corp. Code, §§ 15611-15724) in effect in 2006. In addition, Property Tax Rule 140.1, subdivision (c)(1), provides for a qualifying limited partnership to substitute managing general partners so long as the admission of the “substituting managing general partner into the limited partnership is in compliance with the requirements of section 15641 of the Corporations Code,” which governed the admission of general partners to limited partnerships under the California Revised Limited Partnership Act.

Corporations Code sections 15901.02 and 15904.01 were included as part of the Uniform Limited Partnership Act of 2008, which was enacted by Assembly Bill No. (AB) 339 (Stats. 2006, ch. 495, § 20). Corporations Code section 15901.02, subdivisions (k), (m), (p), and (q), respectively define the terms “foreign limited partnership,” “general partner,” “limited partner,” and “limited partnership” for purposes of the Uniform Limited Partnership Act of 2008. Corporations Code section 15904.01 governs the admission of general partners to limited partnerships under the Uniform Limited Partnership Act of 2008.

Corporations Code section 15912.06 was also enacted as part of the Uniform Limited Partnership Act of 2008 and it expressly provides that Corporations Code sections 15901.02 and 15904.01 govern all limited partnerships beginning on January 1, 2010. In addition, Corporations Code section 15724 was enacted by AB 339, section 18, and it provided for the repeal of the entire California Revised Limited Partnership Act, including Corporations Code sections 15611 and 15641, effective January 1, 2010. Therefore, in accordance with Corporations Code sections 15724 and 15912.06, the definitions in Corporations Code section 15611 were superseded by the definitions in Corporations Code section 15901.02, and the provisions governing the admission of general partners in Corporations Code section 15641 were superseded by the provisions governing the admission of general partners in Corporations Code section 15904.01, beginning on January 1, 2010.

As a result, the Board proposes to:

- Replace the reference to the definition of general partner in repealed Corporations Code section 15611, subdivision (n), with a reference to the current definition of general partner in Corporations Code section 15901.02, subdivision (m), in subdivision (a)(1) of Property Tax Rule 140.1;
- Replace the reference to the definition of limited partner in repealed Corporations Code section 15611, subdivision (q), with a reference to the current definition of limited partner in Corporations Code section 15901.02, subdivision (p), in subdivision (a)(2) of Property Tax Rule 140.1;
- Replace the reference to the definition of limited partnership in repealed Corporations Code section 15611, subdivisions (r), and the reference to the definition of foreign limited partnership in repealed Corporations Code section 15611, subdivision (l), with references to the current definitions of limited partnership and foreign limited partnership in Corporations Code section 15901.02, subdivisions (q) and (k), respectively, in subdivision (a)(3) of Property Tax Rule 140.1; and
- Replace the reference to the provisions governing the admission of general partners to limited partnerships in repealed Corporations Code section 15641 with a reference to the current provisions governing the admission of general partners to limited partnerships in Corporations Code section 15904.01, in subdivision (c)(1) of Property Tax Rule 140.1.

The Board has determined that the proposed changes to Property Tax Rule 140.1 are appropriate for processing under California Code of Regulations, title 1, section (Rule) 100, subdivision (a)(6). This is because the changes update statutory cross-references to make the regulation consistent with current law, the Board has no discretion to adopt changes that differ in substance from the proposed changes, and the proposed changes do not materially alter any requirement, right, responsibility, condition, prescription or other regulatory element of any California Code of Regulations provision.

B. Proposed Changes

The following Rule 100 changes are proposed to Property Tax Rule 140.1:

TEXT OF PROPOSED CHANGES

140.1. Requirements for Managing General Partner of Limited Partnership for Welfare Exemption for Low-Income Housing Properties.

(a) Definitions. The definitions set forth in this regulation shall govern the construction of Revenue and Taxation Code section 214, subdivision (g), which provides the requirements for the welfare exemption for low-income housing properties owned by a limited partnership in which the managing general partner is an eligible nonprofit corporation or eligible limited liability company.

(1) “General partner” means “general partner” as defined by section 15901.02~~15611~~, subdivision (m~~n~~) of the Corporations Code.

(2) “Limited partner” means “limited partner” as defined by section 15901.02~~15611~~, subdivision (p~~q~~) of the Corporations Code.

(3) “Limited partnership” means a “limited partnership” as defined by section 15901.02~~15611~~, subdivision (q~~r~~) of the Corporations Code, or a “foreign limited partnership” as defined by section 15901.02~~15611~~, subdivision (k~~l~~) of the Corporations Code.

(4) . . . (unchanged).

(5) . . . (unchanged).

(6) . . . (unchanged):

(A) . . . (unchanged);

(B) . . . (unchanged);

(C) . . . (unchanged); and

(D) . . . (unchanged).

(7) . . . (unchanged):

(A) . . . (unchanged);

(B) . . . (unchanged);

(C) . . . (unchanged);

(D) . . . (unchanged); and

(E) . . . (unchanged).

(8) . . . (unchanged).

(9) . . . (unchanged).

(10) . . . (unchanged):

(A) . . . (unchanged);

(B) . . . (unchanged);

(C) . . . (unchanged);

(D) . . . (unchanged);

(E) . . . (unchanged);

(F) . . . (unchanged);

(G) . . . (unchanged);

(H) . . . (unchanged);

(I) . . . (unchanged);

(J) . . . (unchanged);

(K) . . . (unchanged); and

(L) . . . (unchanged).

(b) . . . (unchanged):

(1) . . . (unchanged);

(2) . . . (unchanged);

(3) . . . (unchanged);

- (4) . . . (unchanged);
- (5) . . . (unchanged);
- (6) . . . (unchanged);
- (7) . . . (unchanged);
- (8) . . . (unchanged);
- (9) . . . (unchanged);
- (10) . . . (unchanged);
- (11) . . . (unchanged);
- (12) . . . (unchanged); and
- (13) . . . (unchanged).

(c) Substitution of Managing General Partner. A limited partnership in which the managing general partner is an eligible nonprofit corporation or an eligible limited liability company that has qualified for the welfare exemption for low-income housing may allow a substitution of its managing general partner by another eligible nonprofit corporation or eligible limited liability company without affecting the organizational qualification for the welfare exemption provided that:

(1) the limited partnership agreement authorizes the withdrawal or removal of the managing general partner and the admission of a substitute managing general partner on the same effective date and such admission of the substituting managing general partner into the limited partnership is in compliance with the requirements of section 15904.0115641 of the Corporations Code; and

(2) . . . (unchanged).

(d) . . . (unchanged):

(1) . . . (unchanged); or

(2) . . . (unchanged).

(e) . . . (unchanged).

(f) . . . (unchanged).

Note: Authority cited: Section 15606, Government Code. Reference: Section 214, Revenue and Taxation Code.

There was another section of this number which was added Stats 1981 ch 807 § 2, to become operative and replace the former act on January 1, 1983; Stats 1983 ch 1223 repealed the act before it became operative.

For repeal of chapter see § 15724.

Amendments:

1984 Amendment:

(1) Substituted subd (a)(2) for former subd (a)(2) which read: "(2) Accompanied by a declaration in writing signed by the person executing it that the declarant is that person and that the instrument is the act and deed of the person executing it."; (2) substituted "including all amendments thereto" for "and the certificate as amended" at the end of subd (c); (3) added "their respective capacities as limited partners in" in subd (h); (4) amended subd (i) by adding (a) the comma after "partnership agreement"; and (b) ", or, to the extent provided in subdivision (b) of Section 15662, a former general partner who has ceased to be a general partner"; and (5) added the second sentence of subd (m).

1987 Amendment:

Added subd (t).

1990 Amendment:

(1) Added subd (d); (2) redesignated former subd (d) to be subd (e); (3) added subd (f); (4) redesignated former subds (e)-() to be subds (g)-(n); (5) added subd (o); (6) redesignated former subds (m)-(r) to be subds (p)-(u); (7) added subd (v); and (8) redesignated former subds (s) and (t) to be subds (w) and (x).

1992 Amendment:

(1) Amended subd (d) by (a) adding "or into" after "is merged with"; (b) adding "or other business entities" after "other limited partnerships"; and (c) substituting "a" for "the" after "and includes"; (2) made changes in subdivision designations and added subds (e), (h), (k), (m), (s), and (v); (3) amended subd (v) by adding (a) "oral or written" after "means any valid"; and (b) the second sentence; (4) added "limited liability company," in subd (w); (5) added "or other business entities" after "other limited partnerships" in subd (aa); and (6) substituted "the" for "such" after "or otherwise, where" in subd (ad)(1)(F).

1993 Amendment:

(1) Added subd (d); (2) redesignated former subds (d)--(i) to be subds (e)--(j); (3) added subd (k); (4) redesignated former subds (k)--(ae) to be (l)--(af); and (5) added ", however, a limited liability company may not act as a general partner of a limited partnership organized pursuant to this chapter" at the end of subd (n).

CHAPTER 1010

An act to amend Sections 128, 302, 653, 1201, 2032, 3300, 4039, 4081, 5035, 5219, 7210.5, 7500.1, 7512.3, 7590.1, 8504, 9801, 9880.1, 9891.1, 9998.1, 14001, 14204, 18402, 18824, 18830, 19413, 20008, 21500, and 22104 of the Business and Professions Code, to amend Sections 51.5, 81, 987, 1738, 1739.7, 1740, 1761, 1785.3, 1786.2, 1788.2, 1789.12, 1791, 1798.3, 1799, 1799.101, 1802.15, 1812.201, 1812.300, 1812.501, 1812.601, 1882, 2430, 2945.1, 2981, 2985.7, 3343.5, 3372, 3426.1, 3439.01, and 3504 of the Civil Code, to amend Sections 116.130, 481.170, 511.070, 680.280, 706.011, 1203.51, 1235.160, and 1601 of the Code of Civil Procedure, to amend Sections 605, 12245, 13401, 15002, 15611, 15617, 15622, 15623, 15624, 15625, 15631, 15632, 15633, 15636, 15637, 15641, 15643, 15644, 15645, 15655, 15662, 15663, 15664, 15666, 15672, 15674, 15675, 15681, 24000, 29001, 29514, and 31015 of the Corporations Code, to amend Sections 32380 and 66405 of the Education Code, to amend Sections 3564.1, 3785.1, 5014.1, 5157.6, and 5326 of the Elections Code, to amend Sections 175, 954, 994, and 1014 of the Evidence Code, to amend Section 105 of the Family Code, to amend Sections 18, 113, 700, 1755, 1852, 5113, 17002.5, 22008.1, 24008.1, 26008.1, 30003, 31048, and 33061 of the Financial Code, to amend Sections 67, 711.2, 7690, and 7850 of the Fish and Game Code, to amend Sections 38, 14554, 14937, 18672, 61313, 61834, 64013, 64506, and 77527 of the Food and Agricultural Code, to amend Sections 17, 4217.11, 6252, 7260, 7465, 9072, 12604, 12650, 12925, 50568, 82047, and 85102 of the Government Code, to amend Sections 19, 293, 294, 651, and 773.2 of the Harbors and Navigation Code, to amend Sections 19, 1170.2, 1175.2, 1345, 1596.79, 4010.1, 7150.1, 7186, 11022, 17009.5, 25026, 25249.11, 25270.2, 25319, 25420, 25805, 26024, 27530, 28501, 37912, and 52016 of the Health and Safety Code, to amend Sections 19, 729, 791.02, 1067.04, 14001, and 15001 of the Insurance Code, to amend Sections 18, 1117, 1132.2, 1140.4, 1500, 1682, 1700, 2650, 2671, and 5156 of the Labor Code, to amend Sections 480.2 and 1000.2 of the Military and Veterans Code, to amend Sections 311, 313, 374.2, 498, 574, 632, 637.5, 639, 653h, 653.56, 11207, 11234, and 12277 of the Penal Code, to amend Section 56 of the Probate Code, to amend Sections 2004, 3316.1, 3460, 3635.1, 4101, 4464, 4525, 4793, 6331, 8750, 21066, 25116, 25953, 29117, and 30111 of the Public Resources Code, to amend Sections 4662, 5502, 21009, 102020, and 103019 of the Public Utilities Code, to amend Sections 69.5 and 13203 of the Revenue and Taxation Code, to amend Section 19 of the Streets and Highways Code, to amend Section 470 of the Vehicle Code, to amend Sections 19, 72140.1, and 75501 of the Water Code, and to amend Section 24 of the Orange County Water District Act (Chapter 924 of the Statutes of 1933), Section 26.1 of the Santa Clara Valley Water District Act (Chapter 1405 of the Statutes of 1951), Section 4.1 of the Yolo County Flood Control and Water Conservation District Act (Chapter 1657 of the Statutes of 1951), Section 36 of the Sacramento County Water Agency Act (Chapter 10 of the Statutes of 1952, First Extraordinary Session), Section 7.2 of the

San Benito County Water Conservation and Flood Control District Act (Chapter 1593 of the Statutes of 1953), Section 14.21 of the Kern County Water Agency Act (Chapter 1003 of the Statutes of 1961), Section 342 of the Monterey Peninsula Water Management District Law (Chapter 527 of the Statutes of 1977), Section 315 of the Sierra Valley Groundwater Basin Act (Chapter 449 of the Statutes of 1980), Section 319 of the Fox Canyon Groundwater Management Agency Act (Chapter 1023 of the Statutes of 1982), Section 313 of the Pajaro Valley Water Management Agency Act (Chapter 257 of the Statutes of 1984), Section 315 of the Mono County Tri-Valley Groundwater Management District Act (Chapter 844 of the Statutes of 1989), Section 315 of the Honey Lake Valley Groundwater Basin Act (Chapter 1392 of the Statutes of 1989), and Section 320 of the Ojai Basin Groundwater Management Agency Act (Chapter 750 of the Statutes of 1991), relating to legal entities.

[Approved by Governor September 28, 1994. Filed with Secretary of State September 29, 1994.]

The people of the State of California do enact as follows:

SECTION 1. Section 128 of the Business and Professions Code is amended to read:

128. Notwithstanding any other provision of law, it is a misdemeanor to sell equipment, supplies, or services to any person with knowledge that the equipment, supplies, or services are to be used in the performance of a service or contract in violation of the licensing requirements of this code.

The provisions of this section shall not be applicable to cash sales of less than one hundred dollars (\$100).

For the purposes of this section, "person" includes, but is not limited to, a company, partnership, limited liability company, firm, or corporation.

For the purposes of this section, "license" includes certificate or registration.

A violation of this section shall be punishable by a fine of not less than one thousand dollars (\$1,000) and by imprisonment in the county jail not exceeding six months.

SEC. 2. Section 302 of the Business and Professions Code is amended to read:

302. As used in this chapter, the following terms have the following meanings:

- (a) "Department" means the Department of Consumer Affairs.
- (b) "Director" means the Director of the Department of Consumer Affairs.
- (c) "Consumer" means any individual who seeks or acquires, by purchase or lease, any goods, services, money, or credit for personal, family, or household purposes.
- (d) "Person" means an individual, partnership, corporation,

limited partners, may fix, in advance, a record date, which is not more than 60 or less than 10 days prior to the date of the meeting and not more than 60 days prior to any other action. If no record date is fixed:

(1) The record date for determining partners entitled to notice of or to vote at a meeting of partners shall be at the close of business on the business day next preceding the day on which notice is given or, if notice is waived, at the close of business on the business day next preceding the day on which the meeting is held.

(2) The record date for determining partners entitled to give consent to partnership action in writing without a meeting shall be the day on which the first written consent is given.

(3) The record date for determining partners for any other purpose shall be at the close of business on the day on which the general partners adopt it, or the 60th day prior to the date of the other action, whichever is later.

(4) The determination of partners of record entitled to notice of or to vote at a meeting of partners shall apply to any adjournment of the meeting unless the general partners, or the limited partners who called the meeting, fix a new record date for the adjourned meeting, but the general partners, or the limited partners who called the meeting, shall fix a new record date if the meeting is adjourned for more than 45 days from the date set for the original meeting.

SEC. 79. Section 15641 of the Corporations Code is amended to read:

15641. After the filing of a certificate referred to in Section 15621, a general partner may be admitted only with the written consent of each general partner, if any is remaining at the time, and the affirmative vote of limited partners as is required in accordance with the provisions of subdivision (f) of Section 15636.

SEC. 80. Section 15643 of the Corporations Code is amended to read:

15643. (a) Except as otherwise provided in this chapter, a general partner of a limited partnership has the rights and powers and is subject to the restrictions of a partner in a partnership without limited partners.

(b) Except as provided in this chapter, a general partner of a limited partnership has the liabilities of a partner in a partnership without limited partners to persons other than the partnership and the other partners. Except as provided in this chapter, a general partner of a limited partnership has the liabilities of a partner in a partnership without limited partners to the partnership and to the other partners.

SEC. 81. Section 15644 of the Corporations Code is amended to read:

15644. A general partner of a limited partnership may make contributions to the limited partnership and share in the profits and losses of, and in distributions from, the limited partnership as a general partner. A general partner also may make contributions, and

of the California Constitution, and by the First Amendment to the United States Constitution.

CHAPTER 1200

An act to amend Sections 17900, 17902, 17910.5, 17913, and 17914 of, and to add Sections 16602.5 and 17901.5 to, the Business and Professions Code, to amend Section 3307 of the Commercial Code, to amend Sections 161, 190, 1109, 1113, 1201, 15046, 15611, 15632, 15678.2, 25013, and 25019 of, to add Sections 161.7, 167.3, 167.7, 167.8, 171.03, 171.07, 171.3, 174.5, and 190.7 to, and to add Title 2.5 (commencing with Section 17000) to, the Corporations Code, to amend Section 1220 of the Financial Code, to amend Sections 8670.3 and 12185 of, and to add Section 12164.7 to, the Government Code, to amend Sections 25118 and 25281 of the Health and Safety Code, to amend Sections 387 and 653s of the Penal Code, to amend Section 40170 of the Public Resources Code, to amend Sections 19, 64, 480, 480.1, 480.2, 6005, 6829, 7310, 8606, 11204, 17007, 17220, 18402, 18535, 18621.5, 18637, 18638, 18648, 19002, 19009, 19132, 19254, 23036, 23038, 25141, 30010, 38106, 40004, 41003, 43006, 45006, 46020, and 55002 of, to add Sections 28.5, 17087.6, 18633.5, and 23305.5 to, to add Chapter 1.6 (commencing with Section 23091) to Part 11 of Division 2 of, and to repeal Section 28 of, the Revenue and Taxation Code, and to amend Sections 125.4, 135, 135.1, 610, 1116, 1735, 2071, 2107, 2109, 2110, 2110.3, 2110.5, 2110.7, and 13005 of the Unemployment Insurance Code, and to amend Section 675 of the Vehicle Code, relating to limited liability companies, and making an appropriation therefor, and declaring the urgency thereof, to take effect immediately.

[Approved by Governor September 30, 1994. Filed with Secretary of State September 30, 1994.]

The people of the State of California do enact as follows:

SECTION 1. Section 16602.5 is added to the Business and Professions Code, to read:

16602.5. Any member may, upon or in anticipation of a dissolution of a limited liability company or a sale of his or her or its interest in a limited liability company, agree that he or she or it will not carry on a similar business within a specified county or counties, city or cities, or a part thereof, where the limited liability company business has been transacted, so long as any other member of the limited liability company, or any person deriving title to the business or its goodwill from any such other member of the limited liability company, carries on a like business therein.

SEC. 2. Section 17900 of the Business and Professions Code is amended to read:

17900. (a) As used in this chapter, "fictitious business name"

agreements. That action shall only be effective upon the vote of at least a majority in interest in profits from current operations of all general partners.

SEC. 24. Section 15611 of the Corporations Code is amended to read:

15611. As used in this chapter, unless the context otherwise requires:

(a) "Acknowledged" means that an instrument is either of the following:

(1) Formally acknowledged as provided in Article 3 (commencing with Section 1180) of Chapter 4 of Title 4 of Part 4 of Division 2 of the Civil Code.

(2) Executed to include substantially the following wording preceding the signature: It is hereby declared that I am the person who executed this instrument, which execution is my act and deed.

Any certificate of acknowledgment taken without this state before a notary public or a judge or clerk of a court of record having an official seal need not be further authenticated.

(b) "Capital account" of a partner, unless otherwise provided in the partnership agreement, means the amount of the capital interest of that partner in the partnership consisting of that partner's original contribution, as (1) increased by any additional contributions and by that partner's share of the partnership's profits and (2) decreased by any distribution to that partner and by that partner's share of the partnership's losses.

(c) "Certificate of limited partnership" or "certificate" means the certificate referred to in Section 15621, including all amendments thereto.

(d) "Constituent corporation" means a corporation which is merged with or into one or more limited partnerships or other business entities and includes a surviving corporation.

(e) "Constituent limited partnership" means a limited partnership which is merged with or into one or more other limited partnerships or other business entities and includes a surviving limited partnership.

(f) "Constituent other business entity" means an other business entity that is merged with or into one or more limited partnerships and includes a surviving other business entity.

(g) "Contribution" means any money, property or services rendered, or a promissory note or other binding obligation to contribute money or property, or to render services as permitted in this chapter, which a partner contributes to a limited partnership as capital in that partner's capacity as a partner pursuant to an agreement between the partners, including an agreement as to value.

(h) "Disappearing limited partnership" means a constituent limited partnership which is not the surviving limited partnership.

(i) "Disappearing other business entity" means a constituent other business entity that is not the surviving other business entity.

(j) "Distribution" means the transfer of money or property by a partnership to its partners without consideration.

(k) "Domestic corporation" means a corporation formed under the laws of this state.

(l) "Foreign limited partnership" means a partnership formed under the laws of any state other than this state or under the laws of a foreign country and having as partners one or more general partners and one or more limited partners (or their equivalents under any name).

(m) "Foreign other business entity" means an other business entity formed under the laws of any state other than this state or under the laws of a foreign country.

(n) "General partner" means a person who has been admitted to a limited partnership as a general partner in accordance with the partnership agreement or a person who has been admitted as a general partner pursuant to Section 15641.

(o) "Interests of all partners" means the aggregate interests of all partners in the current profits derived from business operations of the partnership.

(p) "Interests of limited partners" means the aggregate interests of all limited partners in their respective capacities as limited partners in the current profits derived from business operations of the partnership.

(q) "Limited partner" means a person who has been admitted to a limited partnership as a limited partner in accordance with the partnership agreement, or an assignee of a limited partnership interest who has become a limited partner pursuant to Section 15674, or, to the extent provided in subdivision (b) of Section 15662, a former general partner who has ceased to be a general partner.

(r) "Limited partnership" or "domestic limited partnership" means a partnership formed by two or more persons under the laws of this state and having one or more general partners and one or more limited partners.

(s) "Mail" means first-class mail, postage prepaid, unless registered mail is specified. Registered mail includes certified mail.

(t) "Majority in interest of all partners" means more than 50 percent of the interests of all partners.

(u) "Majority in interest of the limited partners" means more than 50 percent of the interests of limited partners.

(v) "Other business entity" means a corporation, general partnership, limited liability company, business trust, real estate investment trust, or an unincorporated association (other than a nonprofit association), but excluding a limited partnership.

(w) "Parent" of a specified limited partnership means each general partner of the limited partnership, each person possessing, directly or indirectly, the power to direct or cause the direction of the management and policies of a general partner of the limited partnership, and a person owning, directly or indirectly, limited partnership interests possessing more than 50 percent of the

aggregate voting power of the specified limited partnership.

(x) "Partner" means a limited or general partner. "Partner of record" means a partner named as a partner on the list maintained in accordance with subdivision (a) of Section 15615.

(y) "Partnership agreement" means any valid oral or written agreement of the partners as to the affairs of a limited partnership and the conduct of its business, including all amendments thereto. In the event the partnership agreement consists of an oral agreement and a dispute arises concerning what the terms and conditions of the agreement are, the burden of proof shall be on the general partner or partners.

(z) "Person" means an individual, partnership, limited partnership (domestic or foreign), trust, estate, association, corporation, limited liability company, or other entity.

(aa) "Proxy" means a written authorization signed by a partner or the partner's attorney in fact giving another person the power to vote with respect to the interest of that partner. "Signed," for the purpose of this section, means the placing of the partner's name on the proxy (whether by manual signature, typewriting, telegraphic transmission, or otherwise) by the partner or partner's attorney in fact.

(ab) "Return of capital" means any distribution to a partner to the extent that the partner's capital account, immediately after the distribution, is less than the amount of that partner's contributions to the partnership as reduced by prior distributions which were a return of capital.

(ac) "State" means a state, territory, or possession of the United States, the District of Columbia, or the Commonwealth of Puerto Rico.

(ad) "Surviving limited partnership" means a limited partnership into which one or more other limited partnerships or other business entities are merged.

(ae) "Surviving other business entity" means an other business entity into which one or more limited partnerships are merged.

(af) "Time a notice is given or sent," unless otherwise expressly provided, means the time a written notice to a partner or the limited partnership is deposited in the United States mails; or the time any other written notice is personally delivered to the recipient or is delivered to a common carrier for transmission, or actually transmitted by the person giving the notice by electronic means, to the recipient; or the time any oral notice is communicated, in person or by telephone or wireless, to the recipient or to a person at the office of the recipient who the person giving the notice has reason to believe will promptly communicate it to the recipient.

(ag) (1) "Transact intrastate business" means entering into repeated and successive transactions of business in this state, other than interstate or foreign commerce.

(2) A foreign limited partnership shall not be considered to be transacting intrastate business merely because of its status as any one

or more of the following:

(A) A shareholder of a foreign corporation transacting intrastate business.

(B) A shareholder of a domestic corporation.

(C) A limited partner of a foreign limited partnership transacting intrastate business.

(D) A limited partner of a domestic limited partnership.

(E) A member or manager of a foreign limited liability company transacting intrastate business.

(F) A member or manager of a domestic limited liability company.

(3) Without excluding other activities that may not constitute transacting intrastate business, a foreign limited partnership shall not be considered to be transacting intrastate business within the meaning of paragraph (1) solely by reason of carrying on in this state any one or more of the following activities:

(A) Maintaining or defending any action or suit or any administrative or arbitration proceeding, or effecting the settlement thereof or the settlement of claims and disputes.

(B) Holding meetings of its partners or carrying on other activities concerning its internal affairs.

(C) Maintaining bank accounts.

(D) Maintaining offices or agencies for the transfer, exchange, and registration of its securities or depositaries with relation to its securities.

(E) Effecting sales through independent contractors.

(F) Soliciting or procuring orders, whether by mail or through employees or agents or otherwise, where the orders require acceptance without this state before becoming binding contracts.

(G) Creating or acquiring evidences of debt or mortgages, liens, or security interests on real or personal property.

(H) Securing or collecting debts or enforcing mortgages and security interests in property securing the debts.

(I) Conducting an isolated transaction completed within a period of 180 days and not in the course of a number of repeated transactions of like nature.

(4) A person shall not be deemed to be transacting intrastate business in this state merely because of the person's status as a limited partner of a domestic limited partnership or a foreign limited partnership registered to transact intrastate business in this state.

SEC. 25. Section 15632 of the Corporations Code is amended to read:

15632. (a) A limited partner is not liable for any obligation of a limited partnership unless named as a general partner in the certificate or, in addition to the exercise of the rights and powers of a limited partner, the limited partner participates in the control of the business. If a limited partner participates in the control of the business without being named as a general partner, that partner may be held liable as a general partner only to persons who transact

Assembly Bill No. 339

CHAPTER 495

An act to amend Sections 16601, 16602.5, and 17900 of the Business and Professions Code, to amend Sections 167.5, 171.05, 1107.5, 1113, 1152, 1157, 2113, 6019.1, 6020.5, 8019.1, 8020.5, 12540.1, 12550.5, 15800, 16101, 16901, 16903, 16908, 16911, 16915.5, 17001, 17540.3, 17540.8, 17554.5, 17555, and 25005.1 of, to add Chapter 5.5 (commencing with Section 15900) to Title 2 of, and to add and repeal Sections 15534 and 15724 of, the Corporations Code, to amend Section 12197 of, and to repeal and add Section 12188 of, the Government Code, and to amend Section 17935 of the Revenue and Taxation Code, relating to business entities.

[Approved by Governor September 27, 2006. Filed with
Secretary of State September 27, 2006.]

LEGISLATIVE COUNSEL'S DIGEST

AB 339, Harman. Limited partnerships and limited liability companies. Existing law sets forth rules of organization and governance for limited partnerships.

This bill would revise and recast these provisions by enacting the Limited Partnership Act of 2008 and would repeal the existing provisions for limited partnerships on January 1, 2010. The bill would make other related changes.

Existing law authorizes a person who sells all or substantially all of the assets of, or the goodwill of, a business entity, including a limited liability company, to agree to refrain from carrying on a similar business within a specified geographic area, as specified. Existing law similarly authorizes a member of a limited liability company to make such an agreement upon or in anticipation of a dissolution of the company.

This bill would make a technical change to these provisions with respect to limited liability companies.

This bill would incorporate additional changes to Section 16101 of the Corporations Code, proposed by AB 2914, to be operative only if AB 2914 and this bill are both chaptered and become effective on or before January 1, 2007, and this bill is chaptered last.

This bill would incorporate additional changes to Sections 1107.5, 1113, 6019.1, 6020.5, 8019.1, 8020.5, 12540.1, 12550.5, 16915.5, and 17554.5, of the Corporations Code, proposed by AB 2341, to be operative only if AB 2341 and this bill are both chaptered and become effective on or before January 1, 2007, but AB 2341 becomes operative first, and this bill is chaptered last.

The people of the State of California do enact as follows:

SECTION 1. Section 16601 of the Business and Professions Code is amended to read:

16601. Any person who sells the goodwill of a business, or any owner of a business entity selling or otherwise disposing of all of his or her ownership interest in the business entity, or any owner of a business entity that sells (a) all or substantially all of its operating assets together with the goodwill of the business entity, (b) all or substantially all of the operating assets of a division or a subsidiary of the business entity together with the goodwill of that division or subsidiary, or (c) all of the ownership interest of any subsidiary, may agree with the buyer to refrain from carrying on a similar business within a specified geographic area in which the business so sold, or that of the business entity, division, or subsidiary has been carried on, so long as the buyer, or any person deriving title to the goodwill or ownership interest from the buyer, carries on a like business therein.

For the purposes of this section, "business entity" means any partnership (including a limited partnership or a limited liability partnership), limited liability company (including a series of a limited liability company formed under the laws of a jurisdiction that recognizes such a series), or corporation.

For the purposes of this section, "owner of a business entity" means any partner, in the case of a business entity that is a partnership (including a limited partnership or a limited liability partnership), or any member, in the case of a business entity that is a limited liability company (including a series of a limited liability company formed under the laws of a jurisdiction that recognizes such a series), or any owner of capital stock, in the case of a business entity that is a corporation.

For the purposes of this section, "ownership interest" means a partnership interest, in the case of a business entity that is a partnership (including a limited partnership or a limited liability partnership), a membership interest, in the case of a business entity that is a limited liability company (including a series of a limited liability company formed under the laws of a jurisdiction that recognizes such a series), or a capital stockholder, in the case of a business entity that is a corporation.

For the purposes of this section, "subsidiary" means any business entity over which the selling business entity has voting control or from which the selling business entity has a right to receive a majority share of distributions upon dissolution or other liquidation of the business entity (or has both voting control and a right to receive these distributions.)

SEC. 2. Section 16602.5 of the Business and Professions Code is amended to read:

16602.5. Any member may, upon or in anticipation of a dissolution of, or the termination of his or her interest in, a limited liability company (including a series of a limited liability company formed under the laws of a jurisdiction recognizing such a series), agree that he or she or it will not

partnership, or foreign corporation that is registered or qualified to do business in California, the Secretary of State shall file the merger without the certificate of satisfaction of the Franchise Tax Board and shall notify the Franchise Tax Board of the merger.

SEC. 16.5. Section 12550.5 of the Corporations Code is amended to read:

12550.5. (a) Upon merger pursuant to this chapter, a surviving domestic or foreign corporation or other business entity shall be deemed to have assumed the liability of each disappearing domestic or foreign corporation or other business entity that is taxed under Part 10 (commencing with Section 17001) of, or under Part 11 (commencing with Section 23001) of, Division 2 of the Revenue and Taxation Code for the following:

(1) To prepare and file, or to cause to be prepared and filed, tax and information returns otherwise required of that disappearing entity as specified in Chapter 2 (commencing with Section 18501) of Part 10.2 of Division 2 of the Revenue and Taxation Code.

(2) To pay any tax liability determined to be due.

(b) If the surviving entity is a domestic limited liability company, domestic corporation, or registered limited liability partnership or a foreign limited liability company, foreign limited liability partnership, or foreign corporation that is registered or qualified to do business in California, the Secretary of State shall notify the Franchise Tax Board of the merger.

SEC. 17. Section 15534 is added to the Corporations Code, to read:

15534. This chapter shall become inoperative and be repealed on January 1, 2010, unless a later enacted statute, which becomes effective on or before January 1, 2010, deletes or extends the dates on which it becomes inoperative and is repealed.

SEC. 18. Section 15724 is added to the Corporations Code, to read:

15724. This chapter shall become inoperative and be repealed on January 1, 2010, unless a later enacted statute, which becomes effective on or before January 1, 2010, deletes or extends the dates on which it becomes inoperative and is repealed.

SEC. 19. Section 15800 of the Corporations Code is amended to read:

15800. (a) Every partnership, other than a foreign limited partnership, subject to Chapter 3 (commencing with Section 15611) or Chapter 5.5 (commencing with Section 15900), or a commercial or banking partnership established and transacting business in a place outside the United States, that is domiciled without this state and has no regular place of business within this state, shall, within 40 days from the time it commences to do business in this state, file a statement in the office of the Secretary of State in accordance with Section 16309 designating some natural person or corporation as the agent of the partnership upon whom process issued by authority of or under any law of this state directed against the partnership may be served. A copy of the designation, duly

certified by the Secretary of State, is sufficient evidence of the appointment.

(b) The process may be served in the manner provided in subdivision (b) of Section 16310 on the person so designated, or, in the event that no person has been designated, or if the agent designated for the service of process is a natural person and cannot be found with due diligence at the address stated in the designation, or if the agent is a corporation and no person can be found with due diligence to whom the delivery authorized by subdivision (b) of Section 16310 may be made for the purpose of delivery to the corporate agent, or if the agent designated is no longer authorized to act, then service may be made by personal delivery to the Secretary of State, Assistant Secretary of State, or a Deputy Secretary of State of the process, together with a written statement signed by the party to the action seeking the service, or by the party's attorney, setting forth the last known address of the partnership and a service fee as set forth in Section 12197 of the Government Code. The Secretary of State shall immediately give notice of the service to the partnership by forwarding the process to it by registered mail, return receipt requested, at the address given in the written statement.

(c) Service on the person designated, or personal delivery of the process and statement of address together with a service fee as set forth in Section 12197 of the Government Code to the Secretary of State, Assistant Secretary of State, or a Deputy Secretary of State, pursuant to this section is a valid service on the partnership. The partnership so served shall appear within 30 days after service on the person designated or within 30 days after delivery of the process to the Secretary of State, Assistant Secretary of State, or a Deputy Secretary of State.

SEC. 20. Chapter 5.5 (commencing with Section 15900) is added to Title 2 of the Corporations Code, to read:

CHAPTER 5.5. UNIFORM LIMITED PARTNERSHIP ACT OF 2008

Article 1. General Provisions

15900. This chapter may be cited as the Uniform Limited Partnership Act of 2008.

15901.02. In this chapter, the following terms have the following meanings:

(a) "Acknowledged" means that an instrument is either of the following:

(1) Formally acknowledged as provided in Article 3 (commencing with Section 1180) of Chapter 4 of Title 4 of Part 4 of Division 2 of the Civil Code.

(2) Executed to include substantially the following wording preceding the signature: "It is hereby declared that I am the person who executed this instrument, which execution is my act and deed. Any certificate of

acknowledgment taken without this state before a notary public or a judge or clerk of a court of record having an official seal need not be further authenticated.”

(b) “Certificate of limited partnership” means the certificate required by Section 15902.01. The term includes the certificate as amended or restated.

(c) “Contribution,” except in the phrase “right of contribution,” means any benefit provided by a person to a limited partnership in order to become a partner or in the person’s capacity as a partner.

(d) “Debtor in bankruptcy” means a person that is the subject of:

(1) an order for relief under Title 11 of the United States Code or a comparable order under a successor statute of general application; or

(2) a comparable order under federal, state, or foreign law governing insolvency.

(e) “Designated office” means:

(1) with respect to a limited partnership, the office that the limited partnership is required to designate and maintain under Section 15901.14; and

(2) with respect to a foreign limited partnership, its principal office.

(f) “Distribution” means a transfer of money or other property from a limited partnership to a partner in the partner’s capacity as a partner or to a transferee on account of a transferable interest owned by the transferee.

(g) “Domestic corporation” means a corporation formed under the laws of this state.

(h) “Electronic transmission by the partnership” means a communication that meets both of the following requirements:

(1) It is delivered by any of the following means:

(A) Facsimile transmission or electronic mail when directed to the facsimile number or electronic mail address, respectively, for the recipient on the record with the partnership.

(B) Posting on an electronic message board or other electronic database, that the partnership has designated for the communication, together with a separate notice to the recipient of the posting, which shall be validly delivered upon the later of either the posting or delivery of the separate notice thereof.

(C) Other means of electronic communication.

(2) It is to a recipient that has provided an unrevoked consent to the use of the means of transmission used by the partnership in the electronic transmission.

(i) “Electronic transmission to the partnership” means a communication that meets both of the following requirements:

(1) It is delivered by any of the following means:

(A) Facsimile communication or other electronic mail when directed to the facsimile number or electronic mail address, respectively, that the partnership has provided from time to time to the partners for sending communications to the partnership.

(B) Posting on an electronic message board or electronic database that the partnership has designated for the communication. A transmission shall have been validly delivered upon the posting.

(C) Other means of electronic communication.

(2) It is a communication as to which the partnership has placed in effect reasonable measures to verify that the sender is the partner purporting to send the transmission, either in person or by proxy.

(j) “Foreign limited liability limited partnership” means a foreign limited partnership whose general partners have limited liability for the obligations of the foreign limited partnership.

(k) “Foreign limited partnership” means a partnership formed under the laws of a jurisdiction other than this state and required by those laws to have one or more general partners and one or more limited partners. The term includes a foreign limited liability limited partnership.

(l) “Foreign other business entity” means an other business entity formed under the laws of any state other than this state or under the laws of a foreign country.

(m) “General partner” means:

(1) with respect to a limited partnership, a person that:

(A) becomes a general partner under Section 15904.01; or

(B) was a general partner in a limited partnership when the limited partnership became subject to this chapter under subdivision (a) or (b) of Section 15912.06; and

(2) with respect to a foreign limited partnership, a person that has rights, powers, and obligations similar to those of a general partner in a limited partnership.

(n) “Interests of all partners” means the aggregate interests of all partners in the current profits derived from business operations of the partnership.

(o) “Interests of limited partners” means the aggregate interests of all limited partners in their respective capacities as limited partners in the current profits derived from business operations of the partnership.

(p) “Limited partner” means:

(1) with respect to a limited partnership, a person that:

(A) becomes a limited partner under Section 15903.01 or subdivision (g) of 15907.02; or

(B) was a limited partner in a limited partnership when the limited partnership became subject to this chapter under subdivision (a) or (b) of Section 15912.06; and

(2) with respect to a foreign limited partnership, a person that has rights, powers, and obligations similar to those of a limited partner in a limited partnership.

(q) “Limited partnership or domestic limited partnership,” except in the phrases “foreign limited partnership” and “foreign limited liability limited partnership,” means an entity, having one or more general partners and one or more limited partners, which is formed under this chapter by two or more persons or becomes subject to this chapter under Article 11

(commencing with Section 15911.01) or subdivisions (a) or (b) of Section 15912.06.

(r) "Mail" means first-class mail, postage prepaid, unless registered mail is specified. Registered mail includes certified mail.

(s) "Majority in interest of all partners" means more than 50 percent of the interests of all partners.

(t) "Majority in interest of the limited partners" means more than 50 percent of the interests of limited partners.

(u) "Other business entity" means a corporation, general partnership, limited liability company, business trust, real estate investment trust, or an unincorporated association other than a nonprofit association, but excludes a limited partnership.

(v) "Parent" of a limited partnership means any of the following:

(1) A general partner of the limited partnership.

(2) A person possessing, directly or indirectly, the power to direct or cause the direction of the management and policies of a general partner of the limited partnership.

(3) A person owning, directly or indirectly, limited partnership interests possessing more than 50 percent of the aggregate voting power of the limited partnership.

(w) "Partner" means a limited partner or general partner.

(x) "Partnership agreement" means the partners' agreement, whether oral, implied, in a record, or in any combination, concerning the limited partnership. The term includes the agreement as amended.

(y) "Person" means an individual, partnership, limited partnership, trust, estate, association, corporation, limited liability company, or other entity, whether domestic or foreign.

(z) "Person dissociated as a general partner" means a person dissociated as a general partner of a limited partnership.

(aa) "Principal office" means the office where the principal executive office of a limited partnership or foreign limited partnership is located, whether or not the office is located in this state.

(ab) "Proxy" means a written authorization signed by a partner or the partner's attorney in fact giving another person the power to vote with respect to the interest of that partner. "Signed," for the purpose of this subdivision, means the placing of the partner's name on the proxy, whether by manual signature, typewriting, telegraphic transmission, or otherwise, by the partner or the partner's attorney in fact.

(ac) "Record" means information that is inscribed on a tangible medium or that is stored in an electronic or other medium and is retrievable in perceivable form.

(ad) "Required information" means the information that a limited partnership is required to maintain under Section 15901.11.

(ae) "Return of capital" means any distribution to a partner to the extent that the aggregate distributions to that partner do not exceed that partner's contributions to the partnership.

(af) "Sign" means:

(1) to execute or adopt a tangible symbol with the present intent to authenticate a record; or

(2) to attach or logically associate an electronic symbol, sound, or process to or with a record with the present intent to authenticate the record.

(ag) “State” means a state of the United States, the District of Columbia, Puerto Rico, the United States Virgin Islands, or any territory or insular possession subject to the jurisdiction of the United States.

(ah) “Time a notice is given or sent,” unless otherwise expressly provided, means any of the following:

(1) The time a written notice to a partner or the limited partnership is deposited in the United States mail.

(2) The time any other written notice is personally delivered to the recipient, is delivered to a common carrier for transmission, or is actually transmitted by the person giving the notice by electronic means to the recipient.

(3) The time any oral notice is communicated, in person or by telephone or wireless, to the recipient or to a person at the office of the recipient who the person giving the notice has reason to believe will promptly communicate it to the recipient.

(ai) (1) “Transact intrastate business” means, for purposes of registration, entering into repeated and successive transactions of business in this state, other than interstate or foreign commerce.

(2) A foreign limited partnership shall not be considered to be transacting intrastate business within the meaning of paragraph (1) solely because of its status as one or more of the following:

(A) A shareholder of a foreign corporation transacting intrastate business.

(B) A shareholder of a domestic corporation.

(C) A limited partner of a foreign limited partnership transacting intrastate business.

(D) A limited partner of a domestic limited partnership.

(E) A member or manager of a foreign limited liability company transacting intrastate business.

(F) A member or manager of a domestic limited liability company.

(3) Without excluding other activities that may not constitute transacting intrastate business, a foreign limited partnership shall not be considered to be transacting intrastate business within the meaning of paragraph (1) solely by reason of carrying on in this state one or more of the following activities:

(A) Maintaining or defending any action or suit or any administrative or arbitration proceeding, or effecting the settlement thereof or the settlement of claims and disputes.

(B) Holding meetings of its partners or carrying on other activities concerning its internal affairs.

(C) Maintaining bank accounts.

(D) Maintaining offices or agencies for the transfer, exchange, and registration of its securities or depositories with relation to its securities.

(E) Effecting sales through independent contractors.

(F) Soliciting or procuring orders, whether by mail or through employees or agents or otherwise, where the orders require acceptance without this state before becoming binding contracts.

(G) Creating or acquiring evidences of debt or mortgages, liens, or security interests on real or personal property.

(H) Securing or collecting debts or enforcing mortgages and security interests in property securing the debts.

(I) Conducting an isolated transaction completed within a period of 180 days and not in the course of a number of repeated transactions of like nature.

(J) Transacting business in interstate commerce.

(4) A person shall not be deemed to be transacting intrastate business in this state within the meaning of paragraph (1) solely because of the person's status as a limited partner of a domestic limited partnership or a foreign limited partnership registered to transact intrastate business in this state.

This definition shall not apply in determining the contacts or activities that may subject a foreign limited partnership to service of process, taxation, jurisdiction, or other regulation under any other law of this state.

(aj) "Transfer" includes an assignment, conveyance, deed, bill of sale, lease, mortgage, creation of a security interest or encumbrance, gift, and transfer by operation of law.

(ak) "Transferable interest" means a partner's right to receive distributions.

(al) "Transferee" means a person to which all or part of a transferable interest has been transferred, whether or not the transferor is a partner.

15901.03. (a) A person knows a fact if the person has actual knowledge of it.

(b) A person has notice of a fact if the person:

(1) knows of it;

(2) has received a notification of it;

(3) has reason to know it exists from all of the facts known to the person at the time in question; or

(4) has notice of it under subdivision (c) or (d).

(c) A certificate of limited partnership on file in the office of the Secretary of State is notice that the partnership is a limited partnership and the persons designated in the certificate as general partners are general partners. Except as otherwise provided in subdivision (d), the certificate is not notice of any other fact.

(d) A person has notice of:

(1) another person's dissociation as a general partner, 90 days after the effective date of an amendment to the certificate of limited partnership which states that the other person has dissociated or 90 days after the

agreement with others that are or have agreed to become co-owners of the enterprise.

15903.07. (a) The partnership agreement may provide for the creation of classes of limited partners. The partnership agreement shall define the rights, powers, and duties of those classes, including rights, powers, and duties senior to other classes of limited partners.

(b) The partnership agreement may provide to all or certain specified classes of limited partners the right to vote separately or with all or any class or the general partners on any matter.

Article 4. General Partners

15904.01. A person becomes a general partner:

(a) as provided in the partnership agreement:

(b) under paragraph (2) of subdivision (c) of Section 15908.01 following the dissociation of a limited partnership's last general partner;

(c) as the result of a conversion or merger under Article 11 (commencing with Section 15911.01); or

(d) with the consent of all the partners.

15904.02. (a) Each general partner is an agent of the limited partnership for the purposes of its activities. An act of a general partner, including the signing of a record in the partnership's name, for apparently carrying on in the ordinary course the limited partnership's activities or activities of the kind carried on by the limited partnership binds the limited partnership, unless the general partner did not have authority to act for the limited partnership in the particular matter and the person with which the general partner was dealing knew, had received a notification, or had notice under subdivision (d) of Section 15901.03 that the general partner lacked authority.

(b) An act of a general partner which is not apparently for carrying on in the ordinary course the limited partnership's activities or activities of the kind carried on by the limited partnership binds the limited partnership only if the act was actually authorized by all the other partners.

15904.03. (a) A limited partnership is liable for loss or injury caused to a person, or for a penalty incurred, as a result of a wrongful act or omission, or other actionable conduct, of a general partner acting in the ordinary course of activities of the limited partnership or with authority of the limited partnership.

(b) If, in the course of the limited partnership's activities or while acting with authority of the limited partnership, a general partner receives or causes the limited partnership to receive money or property of a person not a partner, and the money or property is misapplied by a general partner, the limited partnership is liable for the loss.

15904.04. (a) Except as otherwise provided in subdivision (b), all general partners are liable jointly and severally for all obligations of the

or fraud) other than to attack the validity of the reorganization or to have the reorganization set aside or rescinded.

Article 12. Miscellaneous Provisions

15912.01. In applying and construing this chapter, consideration must be given to the need to promote uniformity of the law with respect to its subject matter among states that enact it.

15912.02. If any provision of this chapter or its application to any person or circumstance is held invalid, the invalidity does not affect other provisions or applications of this chapter which can be given effect without the invalid provision or application, and to this end, the provisions of this chapter are severable.

15912.03. This chapter modifies, limits, or supersedes the federal Electronic Signatures in Global and National Commerce Act, 15 U.S.C. Section 7001 et seq., but this chapter does not modify, limit, or supersede Section 101(c) of that act or authorize electronic delivery of any of the notices described in Section 103(b) of that act.

15912.04. This chapter shall become operative on January 1, 2008.

15912.06. (a) Before January 1, 2010, this chapter governs only:

(1) a limited partnership formed on or after January 1, 2008; and
(2) except as otherwise provided in subdivisions (c) and (d), a limited partnership formed before January 1, 2008, which elects, in the manner provided in its partnership agreement or by law for amending the partnership agreement, to be subject to this chapter.

(b) Except as otherwise provided in subdivision (c), on and after January 1, 2010, this chapter governs all limited partnerships.

(c) With respect to a limited partnership formed before January 1, 2008, the following rules apply except as the partners otherwise elect in the manner provided in the partnership agreement or by law for amending the partnership agreement:

(1) Section 15901.04(c) does not apply and the limited partnership has whatever duration it had under the law applicable immediately before January 1, 2008.

(2) Sections 15906.01 and 15906.02 do not apply and a limited partner has the same right and power to dissociate from the limited partnership, with the same consequences, as existed immediately before January 1, 2008.

(3) Subdivision (d) of Section 15906.03 does not apply.

(4) Subdivision (e) of Section 15906.03 does not apply and a court has the same power to expel a general partner as the court had immediately before January 1, 2008.

(5) Subdivision (c) of Section 15908.01 does not apply and the connection between a person's dissociation as a general partner and the dissolution of the limited partnership is the same as existed immediately before January 1, 2008.

(d) With respect to a limited partnership that elects pursuant to paragraph (2) of subdivision (a) to be subject to this chapter, after the election takes effect, the provisions of this chapter relating to the liability of the limited partnership's general partners to third parties apply:

(1) before January 1, 2010, to:

(A) a third party that had not done business with the limited partnership in the year before the election took effect; and

(B) a third party that had done business with the limited partnership in the year before the election took effect only if the third party knows or has received a notification of the election; and

(2) on and after January 1, 2010, to all third parties, but those provisions remain inapplicable to any obligation incurred while those provisions were inapplicable under subparagraph (B) of paragraph (1).

15912.07. This chapter does not affect an action commenced, proceeding brought, or right accrued before this chapter becomes operative.

SEC. 21. Section 16101 of the Corporations Code is amended to read:

16101. As used in this chapter, the following terms and phrases have the following meanings:

(1) "Business" includes every trade, occupation, and profession.

(2) "Debtor in bankruptcy" means a person who is the subject of either of the following:

(A) An order for relief under Title 11 of the United States Code or a comparable order under a successor statute of general application.

(B) A comparable order under federal, state, or foreign law governing insolvency.

(3) "Distribution" means a transfer of money or other property from a partnership to a partner in the partner's capacity as a partner or to the partner's transferee.

(4) "Electronic transmission by the partnership" means a communication (a) delivered by (1) facsimile telecommunication or electronic mail when directed to the facsimile number or electronic mail address, respectively, for that recipient on record with the partnership, (2) posting on an electronic message board or network that the partnership has designated for those communications, together with a separate notice to the recipient of the posting, which transmission shall be validly delivered upon the later of the posting or delivery of the separate notice thereof, or (3) other means of electronic communication, (b) to a recipient who has provided an unrevoked consent to the use of those means of transmission, and (c) that creates a record that is capable of retention, retrieval, and review, and that may thereafter be rendered into clearly legible tangible form. However, an electronic transmission by a partnership to an individual partner is not authorized unless, in addition to satisfying the requirements of this section, the transmission satisfies the requirements applicable to consumer consent to electronic records as set forth in the Electronic Signatures in Global and National Commerce Act (15 U.S.C. Sec. 7001(c)(1)).

Memorandum

To: Honorable Jerome E. Horton, Chairman
Honorable Michelle Steel, Vice Chair
Honorable Betty T. Yee, First District
Senator George Runner, Second District
Honorable John Chiang, State Controller

Date: October 8, 2014

From: Randy Ferris *RWF*
Chief Counsel

Subject: Board Meeting, November 19-20, 2014
Item J – Chief Counsel’s Rulemaking Calendar
Regulation 140.1, *Requirements for Managing General Partner of Limited Partnership for Welfare Exemption for Low-Income Housing Properties*

We request your approval to place proposed changes to Property Tax Rule 140.1, *Requirements for Managing General Partner of Limited Partnership for Welfare Exemption for Low-Income Housing Properties*, on the Chief Counsel’s Rulemaking Calendar for the November 19-20, 2014 Board meeting. The rule defines the term “managing general partner” and prescribes the requirements to establish that an eligible nonprofit corporation is the managing general partner of a limited partnership for purposes of qualifying for the welfare exemption under Revenue and Taxation Code section 214, subdivision (g). The proposed changes make the rule consistent with the repeal of Corporations Code sections 15611 and 15641 and the enactment of Corporations Code sections 15901.02 and 15904.01.

Corporations Code section 15611, subdivisions (l), (n), (q), and (r), respectively, defined the terms “foreign limited partnership,” “general partner,” “limited partner,” and “limited partnership” for purposes of the Revised Limited Partnership Act (Corp. Code, §§ 15611-15724). Corporations Code section 15641 governed the admission of general partners to limited partnerships under the Revised Limited Partnership Act.

Corporations Code sections 15901.02 and 15904.01 were included as part of the Uniform Limited Partnership Act of 2008, which was enacted by Assembly Bill No. (AB) 339 (Stats. 2006, ch. 495, § 20). Corporations Code section 15901.02, subdivisions (k), (m), (p), and (q), respectively, define the terms “foreign limited partnership,” “general partner,” “limited partner,” and “limited partnership” for purposes of the Uniform Limited Partnership Act of 2008. Corporations Code section 15904.01 governs the

admission of general partners to limited partnerships under the Uniform Limited Partnership Act of 2008.

Also enacted as part of the Uniform Limited Partnership Act of 2008 was Corporations Code section 15912.06, which by its terms provided for Corporations Code sections 15901.02 and 15904.01 to apply to all limited partnerships beginning on January 1, 2010. In addition, Corporations Code section 15724 was enacted as part of AB 339 in order to provide for the repeal of the Uniform Limited Partnership Act, including Corporations Code sections 15611 and 15641, effective January 1, 2010. Therefore, in accordance with Corporations Code sections 15724 and 15912.06, the provisions of Corporations Code section 15611 were superseded by the provisions of Corporations Code section 15901.02 and the provisions of Corporations Code section 15641 were superseded by the provisions of Corporations Code section 15904.01, beginning on January 1, 2010.

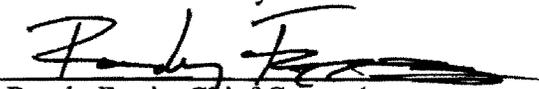
The proposed changes to Property Tax Rule 140.1 replace references to repealed Corporations Code section 15611, subdivisions (l), (n), (q), and (r), with references to current Corporations Code section 15901.02, subdivisions (k), (m), (p), and (q), respectively, and replace a reference to Corporations Code section 15641 with a reference to current Corporations Code section 15904.01.

Based on the foregoing, Board staff will request the Board's authorization to change Property Tax Rule 140.1 under California Code of Regulations, title 1, section (Rule) 100, without the normal notice and public hearing process. These changes are appropriate for processing under Rule 100 because they make the regulation consistent with current law and do not materially alter any requirement, right, responsibility, condition, prescription or other regulatory element of any California Code of Regulations provision.

Attached is a strikeout and underlined version of Property Tax Rule 140.1 illustrating the proposed changes.

If you have any questions regarding this request, please let me know or contact Mr. Bradley Heller at (916) 323-3091.

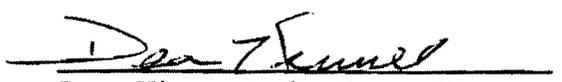
Recommendation by:

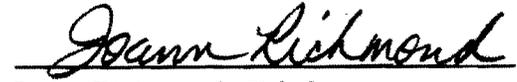

Randy Ferris, Chief Counsel

Approved:


Cynthia Bridges, Executive Director

Approved:


Dean Kinnee, Acting Deputy Director
Property and Special Taxes Department

BOARD APPROVED,
At the 11-19-14 Board Meeting

Joann Richmond, Chief
Board Proceedings Division

RF:BH:yg

Attachment

cc:	Ms. Cynthia Bridges	MIC:73
	Mr. Dean Kinnee	MIC:64
	Ms. Joann Richmond	MIC:80
	Mr. Robert Tucker	MIC:82
	Mr. Richard Moon	MIC:82
	Mr. Bradley M. Heller	MIC:82
	Ms. Glenna Schultz	MIC:64

Text of Proposed Changes to
California Code of Regulations, Title 18, Section 140.1

Rule 140.1. Requirements for Managing General Partner of Limited Partnership for Welfare Exemption for Low-Income Housing Properties.

(a) Definitions. The definitions set forth in this regulation shall govern the construction of Revenue and Taxation Code section 214, subdivision (g), which provides the requirements for the welfare exemption for low-income housing properties owned by a limited partnership in which the managing general partner is an eligible nonprofit corporation or eligible limited liability company.

(1) "General partner" means "general partner" as defined by section ~~15901.0245611~~, subdivision (~~m~~) of the Corporations Code.

(2) "Limited partner" means "limited partner" as defined by section ~~15901.0245611~~, subdivision (~~p~~) of the Corporations Code.

(3) "Limited partnership" means a "limited partnership" as defined by section ~~15901.0245611~~, subdivision (~~q~~) of the Corporations Code, or a "foreign limited partnership" as defined by section ~~15901.0245611~~, subdivision (~~k~~) of the Corporations Code.

(4) "Limited partnership agreement" means any valid written agreement of the partners as to the affairs of a limited partnership and the conduct of its business, including all amendments thereto.

(5) "Majority in interest of the general partners" means more than 50 percent of the interests of the general partners, and does not include the interests of any of the limited partners, in the current profits derived from business operations of the limited partnership.

(6) "Managing general partner" means a general partner that:

(A) is a nonprofit corporation, or an eligible limited liability company meeting the requirements of Revenue and Taxation Code section 214, designated in the limited partnership agreement as the "managing general partner" of the limited partnership;

(B) is authorized to receive a partnership management fee, or similar form of compensation, payable in the amount and the manner set forth in the limited partnership agreement or other agreement executed by all of the general partners for performing its duties;

(C) has "material participation," as defined in subdivision (a)(7) below, in the control, management, and direction of the limited partnership's business; and

(D) the officers and directors of the for-profit general partners, for-profit limited partners, or any of its for-profit affiliates, do not, as individuals or collectively, have a controlling vote or majority interest in the nonprofit managing general partner.

(7) "Material participation" means that the limited partnership agreement or other agreement executed by all of the general partners expressly provides that the managing general partner:

(A) has a right to vote in all the "major decisions," defined in subdivision (a)(8) below;

(B) performs "substantial management duties," defined in subdivision (a)(10) below;

(C) directly, or indirectly under its supervision, manages the limited partnership;

(D) annually conducts a physical inspection of the low-income housing property to ensure that the property is being used as low-income housing and meets all of the requirements set forth in Regulation 140; and

(E) annually submits a certification to the county assessor for the county in which the property is located that the low-income housing property meets all of the requirements set forth in Regulation 140.

(8) "Major decisions" means those acts, if any, that require a vote of a majority in interest of the general partners.

(9) "Partner" means a limited or general partner.

(10) "Substantial management duties" means that the managing general partner actually performs five or more of the following partnership management duties on behalf of the limited partnership:

(A) rents, maintains and repairs the low-income housing property, or if such duties are delegated to a property management agent, participates in hiring and overseeing the work of the property management agent;

(B) participates in hiring and overseeing the work of all persons necessary to provide services for the management and operation of the limited partnership business;

(C) executes and enforces all contracts executed by the limited partnership;

(D) executes and delivers all partnership documents on behalf of the limited partnership;

(E) prepares or causes to be prepared all reports to be provided to the partners or lenders on a monthly, quarterly, or annual basis consistent with the requirements of the limited partnership agreement;

(F) coordinates all present and future development, construction, or rehabilitation of low-income housing property that is the subject of the limited partnership agreement;

(G) monitors compliance with all government regulations and files or supervises the filing of all required documents with government agencies;

(H) acquires, holds, assigns or disposes of property or any interest in property;

(I) borrows money on behalf of the limited partnership, encumbers limited partnership assets, places title in the name of a nominee to obtain financing, prepays in whole or in part, refinances, increases, modifies or extends any obligation;

(J) pays organizational expenses incurred in the creation of the partnership and all operational expenses;

(K) determines the amount and timing of distributions to partners and establishes and maintains all required reserves; and

(L) ensures that charitable services or benefits, such as vocational training, educational programs, childcare and after-school programs, cultural activities, family counseling, transportation, meals, and linkages to health and/or social services are provided or information regarding charitable services or benefits are made available to the low-income housing tenants.

(b) The managing general partner must maintain records and documents evidencing the duties performed by the managing general partner. Such records and documents may include, but are not limited to:

(1) accounting books and records;

(2) tax returns;

(3) budgets and financial reports;

(4) reports required by lenders;

(5) documents related to the construction or rehabilitation of real property;

(6) legal documents such as contracts, deeds, notes, leases, and deeds of trust;

(7) documents related to complying with government regulations and filings;

(8) documents related to property inspections;

(9) documents related to charitable services or benefits provided or the information provided regarding such services or benefits;

(10) reports prepared for the partners;

(11) bank account records;

(12) audited annual financial statement of the limited partnership; and

(13) property management agreement.

(c) Substitution of Managing General Partner. A limited partnership in which the managing general partner is an eligible nonprofit corporation or an eligible limited liability company that has qualified for the welfare exemption for low-income housing may allow a substitution of its managing general partner by another eligible nonprofit corporation or eligible limited liability company without affecting the organizational qualification for the welfare exemption provided that:

(1) the limited partnership agreement authorizes the withdrawal or removal of the managing general partner and the admission of a substitute managing general partner on the same effective date and such admission of the substituting managing general partner into the limited partnership is in compliance with the requirements of section 15904.01~~15641~~ of the Corporations Code; and

(2) the substitute managing general partner meets all of the requirements of a managing general partner set forth in subdivision (a)(6) above.

(d) Delegation of Authority Clause. If the limited partnership agreement contains a delegation of authority clause, such clause must provide either that:

(1) the managing general partner may not delegate any of its substantial management duties defined in (a)(10) above; or

(2) the managing general partner may delegate its substantial management duties, defined in (a)(10) above, to persons who, under its supervision, may perform such duties for the partnership subject to the supervision by the managing general partner. If the managing general partner elects to delegate one or more of its substantial management duties, the managing general partner must demonstrate that it is actually supervising the performance of the delegated duties.

(e) Certification Requirements. The limited partnership must file for and receive a supplemental clearance certificate from the Board as provided in Regulation 140.2.

(f) The provisions of this regulation shall apply prospectively to claims or applications for the welfare exemption under Revenue and Taxation Code section 214 and supplemental clearance

certificates under Regulation 140.2, filed on or after the effective date of this regulation. For supplemental clearance certificates issued prior to the effective date of this regulation, claimants shall have until the January 1, 2007 lien date to be in compliance with this regulation unless the Board has issued a written notice of noncompliance. If the Board has issued such notice, claimant shall have 90 days from the date of the notice to comply with this regulation. Upon written request for an extension of time prior to the expiration of the 90-day period to comply, the Board shall grant a reasonable amount of time to comply with this regulation.

Note: Authority cited: Section 15606, Government Code. Reference: Section 214, Revenue and Taxation Code.

Wednesday, November 19, 2014

TAX PROGRAM NONAPPEARANCE MATTERS NOT SUBJECT TO CONTRIBUTION DISCLOSURE STATUTE**PROPERTY TAX MATTERS****Board Roll Changes****2014 Board Roll of State-Assessed Property**

Action: Upon motion of Ms. Yee, seconded by Mr. Runner and unanimously carried, Mr. Horton, Ms. Yee and Mr. Runner voting yes, Ms. Steel not participating in accordance with Government Code section 87105, Ms. Mandel not participating in accordance with Government Code section 7.9, the Board approved corrections to the 2014 Board Rolls of State-Assessed Property as recommended by staff (Exhibit 11.4).

OFFER-IN-COMPROMISE RECOMMENDATIONS

Action: Upon motion of Ms. Yee, seconded by Ms. Steel and unanimously carried, Mr. Horton, Ms. Steel, Ms. Yee, Mr. Runner and Ms. Mandel voting yes, the Board approved the Offer in Compromise Recommendations of *Lutfi Hussein Abed; Monterey Information Tech.; Crom, Inc.; Luis Gonzalo Diez-Canseco; Tram Anh Thi Duong; K & K Capital Investments, Inc.; Mohammad Khalid; George Khoury; Coco Rikka Kurelordpai; Robert Emmett Lynch; Robby Matar; Bruce Patrick McNall; Edwin E. Toy; Urban Gardens Unlimited, LLC; Ross Aldon Vexler;* and, *Christopher Lawrence White;* as recommended by staff.

CHIEF COUNSEL MATTERS**RULEMAKING****Regulation 6001, General Provisions**

Kimberly Willy, Tax Counsel, Settlement & Taxpayer Services Division, Legal Department, made introductory remarks regarding s request for authorization to publish proposed amendments to update the Board's conflict of interest code (Exhibit 11.5).

Action: Upon motion of Ms. Steel, seconded by Ms. Yee and unanimously carried, Mr. Horton, Ms. Steel, Ms. Yee, Mr. Runner and Ms. Mandel voting yes, the Board approved authorization to publish proposed amendments to the Board's conflict of interest code as recommended by staff.

Section 100 Changes**Property Tax Rule 140.1, Requirements for Managing General Partner of Limited Partnership for Welfare Exemption for Low-Income Housing Properties**

Amanda Jacobs, Tax Counsel, Tax and Fee Programs Division, Legal Department, made introductory remarks regarding staff's request for authorization to complete Section 100 changes to make the rule consistent with amendments to the Corporations Code (Exhibit 11.6).

Action: Upon motion of Ms. Yee, seconded by Ms. Steel and unanimously carried, Mr. Horton, Ms. Steel, Ms. Yee, Mr. Runner and Ms. Mandel voting yes, the Board approved authorization to make Rule 100 changes to Property Tax Rule 140.1 as recommended by staff.

BEFORE THE CALIFORNIA STATE BOARD OF EQUALIZATION

450 N STREET
SACRAMENTO, CALIFORNIA

REPORTER'S TRANSCRIPT

NOVEMBER 19, 2014

CHIEF COUNSEL MATTERS

J SECTION 100 CHANGES

J2 PROPERTY TAX RULE 140.1, REQUIREMENTS FOR
MANAGING GENERAL PARTNER OF LIMITED PARTNERSHIP FOR
WELFARE EXEMPTION FOR LOW-INCOME HOUSING PROPERTIES

REPORTED BY: Kathleen Skidgel

CSR NO. 9039

P R E S E N T

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

For the Board
of Equalization:

Jerome E. Horton
Chairman

Michelle Steel
Vice-Chairwoman

Betty T. Yee
Member

George Runner
Member

Marcy Jo Mandel
Appearing for John
Chiang, State Controller
(per Government Code
Section 7.9)

Joann Richmond
Chief
Board Proceedings
Division

For Board of
Equalization Staff:

Amanda Jacobs
Tax Counsel
Legal Department

Bradley Heller
Tax Counsel IV
Legal Department

---oOo---

1 450 N STREET
2 SACRAMENTO, CALIFORNIA
3 NOVEMBER 19, 2014

4 ---oOo---

5 MR. HORTON: Ms. Richmond.

6 MS. RICHMOND: Our next item is a Section
7 100 Change; Item J2 Property Tax Rule 140.1,
8 Requirements for Managing General Partner of Limited
9 Partnership for Welfare Exemption for Low-Income
10 Housing Properties.

11 MR. HORTON: Welcome, Ms. Jacobs.

12 MS. JACOBS: Thank you.

13 MR. HORTON: This is your first time, too,
14 huh?

15 MS. JACOBS: It is. Two first-timers.

16 MR. HORTON: In a row.

17 MS. JACOBS: Good afternoon, Chairman
18 Horton, Members of the Board. My name is Amanda
19 Jacobs and I'm with the Board's Legal Department.
20 I'm here along with Bradley Heller, also with the
21 Board's Legal Department.

22 I'd like to request that the Board vote to
23 authorize staff to complete a Rule 100 change to
24 Property Tax Rule 140.1, Requirements for Managing
25 General Partner of Limited Partnership for Welfare
26 Exemption for Low-Income Housing Properties.

27 MR. HORTON: What happens if we say no?

28 MS. JACOBS: I would reiterate my request

1 you consider.

2 MR. HORTON: I mean technically, what
3 happens if we said no?

4 MR. HELLER: Chairman Horton --

5 MR. HORTON: No, no. I didn't ask you.
6 You guys can confer if you want.

7 MS. JACOBS: Well, we cannot make the
8 change, the Rule 100 change, to Property Tax Rule
9 140.1 if we do not receive your authorization.

10 MR. HORTON: Okay. All right.

11 Discussion, Members?

12 Hearing none, is there a motion?

13 MS. STEEL: So move.

14 MS. YEE: So moved.

15 MR. HORTON: Moved by Member Yee. Second
16 by Member Steel.

17 Without objection, Members, such will be
18 the order.

19 Thank you very much for appearing before
20 us.

21 MS. JACOBS: Thank you.

22 MR. HORTON: Mr. Heller. Sir. Mr.
23 Heller.

24 MR. HELLER: Yes.

25 MR. HORTON: Two new individuals in one
26 hearing?

27 MR. HELLER: Well, we have a great new --
28 well, I should say we have a great staff.

1 MR. HORTON: They're very talented. They
2 did an exceptional job.

3 MR. HELLER: And I would also --

4 MR. HORTON: Why were you up here with
5 them?

6 MR. HELLER: You know, mainly just in case
7 there was additional questions.

8 MR. HORTON: Well, thank you.

9 MR. HELLER: I might know from my
10 experience.

11 MR. HORTON: Well done.

12 ---oOo---

13

14

15

16

17

18

19

20

21

22

23

24

25

26

27

28

REPORTER'S CERTIFICATE

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

State of California)
) ss
County of Sacramento)

I, KATHLEEN SKIDGEL, Hearing Reporter for the California State Board of Equalization certify that on November 19, 2014 I recorded verbatim, in shorthand, to the best of my ability, the proceedings in the above-entitled hearing; that I transcribed the shorthand writing into typewriting; and that the preceding pages 1 through 5 constitute a complete and accurate transcription of the shorthand writing.

Dated: November 25, 2014

Kathleen Skidgel

KATHLEEN SKIDGEL

Hearing Reporter

