

**MEMO# 19297**

October 26, 2005

## **CONFERENCE CALL REGARDING ICI COMMENT LETTER ON CALIFORNIA APPORTIONMENT RULES - THURSDAY, OCTOBER 27 AT 2:00 PM EDT**

©2005 Investment Company Institute. All rights reserved. Information may be abridged and therefore incomplete. Communications from the Institute do not constitute, and should not be considered a substitute for, legal advice. [19297] October 26, 2005 TO: ADVISER DISTRIBUTOR TAX ISSUES TASK FORCE No. 10-05 TAX COMMITTEE No. 34-05 RE: CONFERENCE CALL REGARDING ICI COMMENT LETTER ON CALIFORNIA APPORTIONMENT RULES - THURSDAY, OCTOBER 27 AT 2:00 PM EDT A conference call will be held on Thursday, October 27, 2005 at 2:00 p.m. EDT to discuss the attached Institute comment letter regarding California's proposal to issue apportionment regulations for mutual fund service providers. The letter is being submitted in connection with a California Franchise Tax Board ("FTB") symposium to discuss the proposal. The Institute's letter urges the FTB to adopt a method for apportioning a mutual fund service provider's California taxable income that fairly and accurately reflects the service provider's market activity in the state. Specifically, the letter states that: • sales apportionment rules based upon the residency of the shareholders in the service provider's mutual funds ("market-based apportionment") can reflect fairly state taxable income; • a "throw-out" rule is inconsistent with market-based apportionment and can result in unconstitutional double-taxation; and • a "throw-back" rule also is inconsistent with market-based apportionment. If you would like to participate in this conference call, please complete the attached response form and fax it to Ezella Wynn at 202-326-5841 or e-mail [ewynn@ici.org](mailto:ewynn@ici.org) by Thursday, October 27, 2005 at 1:00 p.m. EDT. To participate in the call, please dial 888-820-8955 and enter passcode number 39153. Lisa Robinson Associate Counsel Attachment (in .pdf format)