

## State of California

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**Legislative Change No.****01-15**Bill Number: AB 898Author: LeachChapter Number: 01-391Laws Affecting Franchise Tax Board: Section 17942 and 17943 of the Revenue and Taxation CodeDate Filed with the Secretary of the State: October 1, 2001**SUBJECT:** Limited Liability Company Fees and Repeal Fee Adjustment**Assembly Bill 898 (Leach), as enacted on October 1, 2001, made the following changes to California law:****Section 17942 of the Revenue and Taxation Code is amended.**

This act fixed the Limited Liability Company (LLC) fee amounts as follows:

- \$900 if total income is \$250,000 or more, but less than \$500,000
- \$2,500 if total income is \$500,000 or more, but less than \$1,000,000
- \$6,000 if total income is \$1,000,000 or more, but less than \$5,000,000
- \$11,790 if total income is \$5,000,000 or more

This act excludes from the definition of "total income" any income, gain, or distribution received by an LLC that was allocated or attributable to the LLC only as a result of being a member of another LLC. This exclusion applies if the allocation or attribution of income or gain or distributions is directly or indirectly attributable to income used to determine the fee of another LLC.

**Section 17943 of the Revenue and Taxation Code is repealed and added.**

This act eliminated the requirement that the Franchise Tax Board (FTB) prepare and submit to the Legislature an annual study and revenue estimate of the LLC fee. It also repealed FTB's requirement to make a subsequent adjustment of the fee based upon the findings of the annual study.

This act added Legislative intent that the fee amounts described in Section 17942 apply to taxable years beginning on or after January 1, 2001.

This act is effective immediately upon enactment.

This act will not require any reports by the department to the Legislature.

Bureau Director

Brian Putler

Date

December 19, 2001