

**SUMMARY ANALYSIS OF AMENDED BILL**

Author: Saldana Analyst: David Scott Bill Number: AB 2458  
 Related Bills: See Prior Analysis Telephone: 845-5806 Amended Date: April 5, 2010  
 Attorney: Patrick Kusiak Sponsor: \_\_\_\_\_

**SUBJECT:** Corporation Penalties

- DEPARTMENT AMENDMENTS ACCEPTED. Amendments reflect suggestions of previous analysis of bill as introduced February 19, 2010.
- AMENDMENTS IMPACT REVENUE. A new revenue estimate is provided.
- AMENDMENTS DID NOT RESOLVE THE DEPARTMENTS CONCERNS stated in the previous analysis of bill as introduced/amended \_\_\_\_\_.
- FURTHER AMENDMENTS NECESSARY.
- DEPARTMENT POSITION CHANGED TO \_\_\_\_\_.
- REMAINDER OF PREVIOUS ANALYSIS OF BILL AS INTRODUCED February 19, 2010 STILL APPLIES.
- OTHER – See comments below.

**SUMMARY**

This bill would specify that the 10 percent underpayment Limited Liability Companies (LLC) fee penalty and Secretary of State (SOS) certification penalty would be due and payable 60 days from the date a small business receives notification of the penalties.

**SUMMARY OF AMENDMENTS**

The April 5, 2010, amendments resolve the department’s implementation consideration by adding a definition for “small business.” Additionally, the amendments resolve the department’s technical considerations by correcting one of the referenced Corporation Code sections that was in error. The balance of the department’s analysis of the bill as introduced February 19, 2010, still applies.

**POSITION**

Pending.

Board Position:	Legislative Director	Date
<input type="checkbox"/> S	Brian Putler	04/15/10
<input type="checkbox"/> NA		
<input type="checkbox"/> NP		
<input type="checkbox"/> SA		
<input type="checkbox"/> O		
<input type="checkbox"/> NAR		
<input type="checkbox"/> N		
<input type="checkbox"/> OUA		
<input checked="" type="checkbox"/> PENDING		

## THIS BILL

This bill would allow a small business (defined as a business whose total income from or attributable to California sources is less than \$1 million) to pay the 10 percent penalty for underpayment of the estimated LLC fee 60 days from the date the small business is notified of the penalty. The 60 day notification period shall apply to penalties imposed on or after January 1, 2011.

Under this bill, the failure to file SOS certification penalty would be allowed to be paid within 60 days from the date the small business is notified of the penalty. The 60 day notification period for the biennial statement penalty applies to penalties assessed on or after January 1, 2011.

## **FISCAL IMPACT**

As the bill continues to move through the legislative process, costs will be identified and an appropriation will be requested, if necessary.

## **ECONOMIC IMPACT**

### Revenue Estimate

Estimated Revenue Impact of AB 2458 Assumed Enactment With Tax Year 2011 Operative as of January 1, 2011		
2009-10	2010-11	2011-12
Less than -\$150,000	-\$6,000	-\$3,000

This analysis does not account for changes in employment, personal income, or gross state product that could result from this bill.

## **LEGISLATIVE STAFF CONTACT**

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