

SUMMARY ANALYSIS OF AMENDED BILL

Author: Florez Analyst: Angela Raygoza Bill Number: SB 392
 Related Bills: See Prior Analysis Telephone: 845-7814 Amended Date: June 23, 2010
 Attorney: Patrick Kusiak Sponsor: _____

SUBJECT: Limited Liability Companies/Contractors

DEPARTMENT AMENDMENTS ACCEPTED. Amendments reflect suggestions of previous analysis of bill as introduced/amended _____.

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 AMENDED

March 25, 2010, STILL APPLIES.

OTHER – See comments below.

SUMMARY

This bill would allow contractors to organize and operate as limited liability companies (LLCs).

SUMMARY OF AMENDMENTS

The June 23, 2010, amendments would modify the legislative intent language, revise the operative date, and make non-substantive technical changes.

As a result of the June 23, 2010, amendments, the “Effective/Operative Date,” and “Economic Impact” discussions, as provided in the department’s analysis of the bill as amended March 25, 2010, have been revised. The remainder of that analysis still applies. The “This Bill” discussion has been provided below for convenience.

EFFECTIVE/OPERATIVE DATE

This bill would be effective January 1, 2011, and would specifically require the Contractors’ State License Board (CSLB) to begin processing applications for licensure for LLCs no later than January 1, 2012.

Board Position:	Legislative Director	Date
<input type="checkbox"/> S		
<input type="checkbox"/> SA	Patrice Gau-Johnson	07/06/10
<input type="checkbox"/> N	For Brian Putler	
<input type="checkbox"/> NA		
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<input type="checkbox"/> OUA		
<input type="checkbox"/> NP		
<input type="checkbox"/> NAR		
<input checked="" type="checkbox"/> PENDING		

ANALYSIS

THIS BILL

This bill would allow an individual or a business providing services as a contractor to form and operate as an LLC. In addition, this bill would authorize the CSLB to issue a contractor’s license to an LLC under the Business and Professions Code. Any LLC would be treated in the same manner as a corporation relative to the issuance, renewal, suspension, re-issuance, or termination of a contractor’s license.

As a result, contractor’s that form and operate as an LLC would be required to pay an \$800 annual tax to the Franchise Tax Board.

ECONOMIC IMPACT

Revenue Estimate

This bill would result in the following revenue gains:

Estimated Revenue Impact of SB 392 As Amended, June 23, 2010 Effective For Tax Years Beginning On or After January 1, 2011 Enactment Assumed After September 30, 2010 (\$ in Millions)		
2010-11	2011-12	2012-13
\$0	\$8.4	\$11.0

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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