

# SUMMARY ANALYSIS OF AMENDED BILL

Author: Cannella and Bates Analyst: Davi Milam Bill Number: SB 284  
April 22, 2015 &  
 Related Bills: See Prior Analysis Telephone: 845-2551 Amended Dates: May 5, 2015  
 Attorney: Bruce Langston Sponsor \_\_\_\_\_

<b>SUBJECT:</b>	Limited Liability Partnerships & Foreign Limited Liability Partnerships / Engineers & Land Surveyors
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## SUMMARY

This bill, under the Business and Professions, and Corporations Codes, would extend the sunset date on provisions allowing engineers and land surveyors to organize and operate as limited liability partnerships (LLP) and foreign LLPs.

This analysis only addresses those provisions of the bill that would impact the department's operations.

## RECOMMENDATION

No position.

## SUMMARY OF AMENDMENTS

The April 22, 2015, amendments reinstated a sunset date and resolved the department's technical concern. The May 5, 2015, amendments added a coauthor and modified the sunset date as discussed in the department's analysis.

Except for the "This Bill" and "Technical Considerations" sections, the remainder of the department's analysis of the bill as introduced February 19, 2015, still applies. The "Economic Impact" section is restated for convenience.

## THIS BILL

This bill would extend the sunset date from January 1, 2016, to January 1, 2019, on provisions allowing engineers and land surveyors that meet specified liability insurance requirements to organize and operate as registered and foreign LLPs through that date. In addition, these provisions would be repealed on January 1, 2019, unless another statute is enacted before January 1, 2019, that deletes or extends that date.

Board Position:	Legislative Director	Date
_____ S _____ NA _____ X _____ NP	Gail Hall	5/22/15
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## ECONOMIC IMPACT

### Revenue Estimate

This bill would result in the following revenue loss:

Estimated Revenue Impact of SB 284 As Amended May 5, 2015 Assumed Enactment After June 30, 2015 (\$ in Millions)		
2015-16	2016-17	2017-18
- \$9	- \$10	- \$11

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

### Revenue Discussion

The revenue loss was estimated by taking the amount of tax that would be owed by the LLPs under this bill less the tax the same LLPs would owe after they convert to C corporations or S corporations under current law.

It is estimated that there would be 4,000 engineering and land survey LLPs in 2016 affected by this bill. It is assumed that all 4,000 LLPs would continue to operate as LLPs if this bill were enacted and the amount of tax owed by these LLPs and their partners would be \$25 million in 2016.

If this bill is not enacted, it is assumed that the LLPs would switch to either a C corporation or a S corporation and the amount of tax owed by the C corporations, S corporations, and S corporation shareholders would be \$33 million.

## LEGISLATIVE STAFF CONTACT

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