



STATE OF CALIFORNIA
FRANCHISE TAX BOARD - Legal Branch
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KATHLEEN CONNELL
 Chair

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 Member

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 Member

March 8, 1999

FTB NOTICE 99-2

SUBJECT: Public Hearing Regarding Adjustment to the Limited Liability Company Fee for 1999

Section 17941 of the Revenue and Taxation Code requires every limited liability company (LLC) not classified as a corporation that is organized, registered, or doing business in this state to pay an annual tax of \$800. Section 17942 requires every LLC subject to tax to pay an annual fee based on total income from all sources reportable to this state for the taxable year.

Section 17943 requires the Franchise Tax Board (FTB), on or before January 1, 1999, and annually thereafter, to conduct a study to determine whether Chapter 1200, Statutes of 1994 (the act authorizing the creation and recognition of LLCs) results in a net gain or reduction in state income and franchise tax revenues. If there is a net gain or reduction in such revenue, the FTB, after a public hearing, is required to increase or decrease the amounts of the fees imposed under Section 17942 to offset the computed revenue gain or loss.

The FTB has conducted the study required by Section 17943 (copy attached). It indicates that the LLC annual fee for taxable years beginning on or after January 1, 1999, should be increased as follows:

<u>Fee (Current)</u>	<u>Fee (1/1/99)</u>	<u>Total Income</u>
\$ 500	\$ 865	\$250,00 or more, but less than \$500,000
\$1,500	\$2,595	\$500,000 or more, but less than \$1,000,000
\$3,000	\$5,190	\$1,000,000 or more, but less than \$5,000,000
\$4,500	\$7,785	\$5,000,000 or more.

The public hearing required by Section 17942 will be held at 10:00 A.M. on Tuesday, April 6, 1999, at the State Board of Equalization, 450 N Street, Room 121, Sacramento, CA 95814. Persons wishing to make a presentation at the hearing are requested to submit a written statement prior to the hearing. Persons are also invited to submit written comments.

For further information regarding this notice, contact Colleen Berwick at (916) 845-3306. Submit written statements to the attention of Ms. Berwick at the Franchise Tax Board, Legal Branch, P. O. Box 1720, Rancho Cordova, CA 95741-1720 or fax at (916) 845-3648.