



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

June 4, 1999

FTB NOTICE 99-6

SUBJECT: 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 result of the study required by Section 17943 was attached to FTB Notice 99-2. The public hearing required by Section 17942 and announced in FTB Notice 99-2 has been held. No oral presentations were made and no written statements have been received. In accordance with Section 17943, the LLC annual fee for taxable years beginning on or after January 1, 1999, is increased as follows:

<u>Fee</u>	<u>Total income</u>
\$ 865	\$250,000 or more, but less than \$500,000
\$2,595	\$500,000 or more, but less than \$1,000,000
\$5,190	\$1,000,000 or more, but less than \$5,000,000
\$7,785	\$5,000,000 or more.

For further information regarding this notice, contact Patrick J. Kusiak by phone at (916) 845-6479 or by mail at Franchise Tax Board, Legal Branch, P. O. Box 1720, Rancho Cordova, CA 95741-1720.