



STATE OF CALIFORNIA
FRANCHISE TAX BOARD - Legal Branch
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May 12, 2000

FTB NOTICE 2000-5

SUBJECT: Limited Liability Company Fee for 2000

Section 17941 of the Revenue and Taxation Code requires every limited liability company (LLC) that is not classified as a corporation for California franchise or income tax purposes, and that is organized, registered, or doing business in this state, to pay an annual tax of \$800 for the privilege of doing business in California. Section 17942 requires every LLC subject to tax under Section 17941 to additionally 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 study required by Section 17943 for 2000 was attached to FTB Notice 2000-1. The public hearing required by Section 17943 and announced in FTB Notice 2000-1 has been held. One person made an oral presentation. In addition, four written statements have been received. Copies of the transcript of the hearing and the written statements received are available upon request.

Pursuant to Section 17943, the LLC annual fee for taxable years beginning on or after January 1, 2000, is increased as follows:

96-98 Fee	1999 Fee	2000 Fee	Total income
\$ 500	\$865	\$1,042	\$250,000 or more, but less than \$500,000
\$1,500	\$2,595	\$3,126	\$500,000 or more, but less than \$1,000,000
\$3,000	\$5,190	\$6,251	\$1,000,000 or more, but less than \$5,000,000
\$4,500	\$7,785	\$9,377	\$5,000,000 or more.

To obtain a copy of the transcript of the hearing or the written statements received, contact Colleen Berwick at (916) 845-3306. For further information regarding this notice, contact Patrick Kusiak at (916) 845-6479.