

DEPARTMENT OF FINANCE BILL ANALYSIS

AMENDMENT DATE: July 12, 2011
POSITION: Oppose
SPONSOR: American Institute of Architects, California Council

BILL NUMBER: AB 560
AUTHOR: J. Gorell

BILL SUMMARY: Professional Limited Liability Partnerships

This bill would allow licensed architects to continue to organize as limited liability partnerships (LLPs) by extending the sunset date until January 1, 2019.

FISCAL SUMMARY

The Department of Consumer Affairs indicates that this bill would have no fiscal impact on the California Architects Board.

To the extent that authorizing licensed architects to organize as LLPs has resulted in decreased tax revenues and extending the sunset date for these LLPs would continue current tax levels for licensed architects, the Franchise Tax Board indicates this bill would result in the loss of \$1.3 million General Fund (GF) in 2011-12, \$1.4 million GF in 2012-13, and \$1.6 million GF in 2013-14.

More than 200 architectural firms have registered as LLPs. If the sunset date is not extended, these firms would incur significant costs to reorganize their business structure.

SUMMARY OF CHANGES

Amendments to this bill since our analysis of the April 6, 2011 version are minor. However, revenue information that was not available at the time of the prior analysis has changed Finance's position from neutral to oppose.

COMMENTS

The Department of Finance is opposed to this bill because it would result in the loss of GF tax revenue.

Existing law provides for the organization and governance of a professional LLP for the practice of architecture, accountancy, engineering, land surveying, and law. Existing law stipulates that the authority to organize as LLPs sunsets January 1, 2012 for architects and January 1, 2016 for land surveyors and engineers. LLPs for accountants and lawyers do not currently have sunset dates.

This bill would extend the sunset date allowing licensed architects to organize as LLPs until January 1, 2019.

Analyst/Principal (0282) J. Fitzpatrick Date Program Budget Manager Lisa Mangat Date

Department Deputy Director Date

Governor's Office: By: Date: Position Approved Position Disapproved

BILL ANALYSIS Form DF-43 (Rev 03/95 Buff)

BILL ANALYSIS/ENROLLED BILL REPORT--(CONTINUED)

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Code/Department Agency or Revenue Type	SO	(Fiscal Impact by Fiscal Year)							Fund Code
	LA	(Dollars in Thousands)							
	CO	PROP							
	RV	98	FC	2011-2012	FC	2012-2013	FC	2013-2014	
1110/ConAfr-ReqBd	SO	No		-----	No/Minor	Fiscal Impact	-----		0706
1104/Corp Tax	RV	No	U	-\$1,300	U	-\$1,400	U	-\$1,600	0001
<u>Fund Code</u>	<u>Title</u>								
0001	General Fund								
0706	Architects Board Fund, California								