

**Introduced by Senator Cannella**February 19, 2015

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An act to amend and repeal Sections 6738 and 8729 of the Business and Professions Code, and to amend and repeal Sections 16101, 16956, and 16959 of the Corporations Code, relating to the practice of engineering and land surveying.

## LEGISLATIVE COUNSEL'S DIGEST

SB 284, as introduced, Cannella. Engineering and land surveying: limited liability partnerships.

The Professional Engineers Act provides for the licensure and regulation of engineers and the professional Land Surveyors' Act provides for the licensure and regulation of land surveyors by the board for Professional Engineers, Land Surveyors, and Geologists. The Uniform Partnership Act of 1994 authorizes the formation of registered limited liability partnerships and foreign limited liability partnerships as specified.

Existing law, until January 1, 2016, authorizes persons licensed to engage in the practice of engineering or land surveying to form registered limited liability partnerships and foreign limited liability partnerships and requires those partnerships to provide security of no less than \$2,000,000 for claims arising out of the partnership's professional practice. Existing law, until January 1, 2016, also provides that engineers or land surveyors are not prohibited from practicing or offering to practice, within the scope of their licensure, as a limited liability partnership if specified requirements are met, including, among others, that any offer, promotion, or advertisement by the business that contains the name of any individual in the business must clearly and specifically designate the license or registration discipline of the

individual named. Existing law repeals these provisions on January 1, 2016.

This bill would delete the repeal provisions, thereby extending the operation of those provisions indefinitely.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

*The people of the State of California do enact as follows:*

1 SECTION 1. Section 6738 of the Business and Professions  
2 Code, as amended by Section 1 of Chapter 634 of the Statutes of  
3 2010, is amended to read:

4 6738. (a) This chapter does not prohibit one or more civil,  
5 electrical, or mechanical engineers from practicing or offering to  
6 practice, within the scope of their license, civil (including  
7 geotechnical and structural), electrical, or mechanical engineering  
8 as a sole proprietorship, partnership, limited liability partnership,  
9 firm, or corporation (hereinafter called business), if all of the  
10 following requirements are met:

11 (1) A civil, electrical, or mechanical engineer currently licensed  
12 in this state is an owner, partner, or officer in charge of the  
13 engineering practice of the business.

14 (2) All civil, electrical, or mechanical engineering services are  
15 performed by, or under the responsible charge of, a professional  
16 engineer licensed in the appropriate branch of professional  
17 engineering.

18 (3) If the business name of a California engineering business  
19 contains the name of any person, then that person shall be licensed  
20 as a professional engineer, a licensed land surveyor, a licensed  
21 architect, or a geologist registered under the Geologist and  
22 Geophysicist Act (Chapter 12.5 (commencing with Section 7800)).  
23 Any offer, promotion, or advertisement by the business that  
24 contains the name of any individual in the business, other than by  
25 use of the name of an individual in the business name, shall clearly  
26 and specifically designate the license or registration discipline of  
27 each individual named.

28 (b) An out-of-state business with a branch office in this state  
29 shall meet the requirements of subdivision (a) and shall have an  
30 owner, partner, or officer who is in charge of the engineering work  
31 in the branch in this state, who is licensed in this state, and who is

1 physically present at the branch office in this state on a regular  
2 basis. However, the name of the business may contain the name  
3 of any person not licensed in this state if that person is  
4 appropriately registered or licensed in another state. Any offer,  
5 promotion, or advertisement that contains the name of any  
6 individual in the business, other than by use of the names of the  
7 individuals in the business name, shall clearly and specifically  
8 designate the license or registration discipline of each individual  
9 named.

10 (c) The business name of a California engineering business may  
11 be a fictitious name. However, if the fictitious name includes the  
12 name of any person, the requirements of paragraph (3) of  
13 subdivision (a) shall be met.

14 (d) A person not licensed under this chapter may also be a  
15 partner or an officer of a civil, electrical, or mechanical engineering  
16 business if the requirements of subdivision (a) are met. Nothing  
17 in this section shall be construed to permit a person who is not  
18 licensed under this chapter to be the sole owner of a civil, electrical,  
19 or mechanical engineering business, unless otherwise exempt under  
20 this chapter.

21 (e) This chapter does not prevent an individual or business  
22 engaged in any line of endeavor other than the practice of civil,  
23 electrical, or mechanical engineering from employing or  
24 contracting with a licensed civil, electrical, or mechanical engineer  
25 to perform the respective engineering services incidental to the  
26 conduct of business.

27 (f) This section shall not prevent the use of the name of any  
28 business engaged in rendering civil, electrical, or mechanical  
29 engineering services, including the use by any lawful successor  
30 or survivor, that lawfully was in existence on December 31, 1987.  
31 However, the business is subject to paragraphs (1) and (2) of  
32 subdivision (a).

33 (g) A business engaged in rendering civil, electrical, or  
34 mechanical engineering services may use in its name the name of  
35 a deceased or retired person provided all of the following  
36 conditions are satisfied:

37 (1) The person's name had been used in the name of the  
38 business, or a predecessor in interest of the business, prior to and  
39 after the death or retirement of the person.

1 (2) The person shall have been an owner, partner, or officer of  
2 the business, or an owner, partner, or officer of the predecessor in  
3 interest of the business.

4 (3) The person shall have been licensed as a professional  
5 engineer, or a land surveyor, or an architect, or a geologist, (A) by  
6 the appropriate licensing board if that person is operating a place  
7 of business or practice in this state, or (B) by the applicable state  
8 board if no place of business existed in this state.

9 (4) The person, if retired, has consented to the use of the name  
10 and does not permit the use of the name in the title of another  
11 professional engineering business in this state during the period  
12 of the consent. However, the retired person may use his or her  
13 name as the name of a new or purchased business if it is not  
14 identical in every respect to that person’s name as used in the  
15 former business.

16 (5) The business shall be subject to the provisions of paragraphs  
17 (1) and (2) of subdivision (a).

18 (h) This section does not affect the provisions of Sections 6731.2  
19 and 8726.1.

20 (i) A current organization record form shall be filed with the  
21 board for all businesses engaged in rendering civil, electrical, or  
22 mechanical engineering services.

23 ~~(j) This section shall remain in effect only until January 1, 2016,~~  
24 ~~and as of that date is repealed, unless a later enacted statute, that~~  
25 ~~is enacted before January 1, 2016, deletes or extends that date.~~

26 SEC. 2. Section 6738 of the Business and Professions Code,  
27 as added by Section 2 of Chapter 634 of the Statutes of 2010, is  
28 repealed.

29 ~~6738.—(a) This chapter does not prohibit one or more civil,~~  
30 ~~electrical, or mechanical engineers from practicing or offering to~~  
31 ~~practice within the scope of their license civil (including~~  
32 ~~geotechnical and structural), electrical, or mechanical engineering~~  
33 ~~as a sole proprietorship, partnership, firm, or corporation~~  
34 ~~(hereinafter called business), if all of the following requirements~~  
35 ~~are met:~~

36 ~~(1) A civil, electrical, or mechanical engineer currently licensed~~  
37 ~~in this state is an owner, partner, or officer in charge of the~~  
38 ~~engineering practice of the business.~~

39 ~~(2) All civil, electrical, or mechanical engineering services are~~  
40 ~~performed by, or under the responsible charge of, a professional~~

1 ~~engineer licensed in the appropriate branch of professional~~  
2 ~~engineering.~~

3 ~~(3) If the business name of a California engineering business~~  
4 ~~contains the name of any person, then that person shall be licensed~~  
5 ~~as a professional engineer, a licensed land surveyor, a licensed~~  
6 ~~architect, or a geologist registered under the Geologist and~~  
7 ~~Geophysicist Act (Chapter 12.5 (commencing with Section 7800)).~~  
8 ~~Any offer, promotion, or advertisement by the business that~~  
9 ~~contains the name of any individual in the business, other than by~~  
10 ~~use of the name of an individual in the business name, shall clearly~~  
11 ~~and specifically designate the license or registration discipline of~~  
12 ~~each individual named.~~

13 ~~(b) An out-of-state business with a branch office in this state~~  
14 ~~shall meet the requirements of subdivision (a) and shall have an~~  
15 ~~owner, partner, or officer who is in charge of the engineering work~~  
16 ~~in the branch in this state, who is licensed in this state, and who is~~  
17 ~~physically present at the branch office in this state on a regular~~  
18 ~~basis. However, the name of the business may contain the name~~  
19 ~~of any person not licensed in this state if that person is~~  
20 ~~appropriately registered or licensed in another state. Any offer,~~  
21 ~~promotion, or advertisement that contains the name of any~~  
22 ~~individual in the business, other than by use of the names of the~~  
23 ~~individuals in the business name, shall clearly and specifically~~  
24 ~~designate the license or registration discipline of each individual~~  
25 ~~named.~~

26 ~~(c) The business name of a California engineering business may~~  
27 ~~be a fictitious name. However, if the fictitious name includes the~~  
28 ~~name of any person, the requirements of paragraph (3) of~~  
29 ~~subdivision (a) shall be met.~~

30 ~~(d) A person not licensed under this chapter may also be a~~  
31 ~~partner or an officer of a civil, electrical, or mechanical engineering~~  
32 ~~business if the requirements of subdivision (a) are met. Nothing~~  
33 ~~in this section shall be construed to permit a person who is not~~  
34 ~~licensed under this chapter to be the sole owner of a civil, electrical,~~  
35 ~~or mechanical engineering business, unless otherwise exempt under~~  
36 ~~this chapter.~~

37 ~~(e) This chapter does not prevent an individual or business~~  
38 ~~engaged in any line of endeavor other than the practice of civil,~~  
39 ~~electrical, or mechanical engineering from employing or~~  
40 ~~contracting with a licensed civil, electrical, or mechanical engineer~~

1 to perform the respective engineering services incidental to the  
2 conduct of business.

3 ~~(f) This section shall not prevent the use of the name of any~~  
4 ~~business engaged in rendering civil, electrical, or mechanical~~  
5 ~~engineering services, including the use by any lawful successor~~  
6 ~~or survivor, that lawfully was in existence on December 31, 1987.~~  
7 ~~However, the business is subject to paragraphs (1) and (2) of~~  
8 ~~subdivision (a):~~

9 ~~(g) A business engaged in rendering civil, electrical, or~~  
10 ~~mechanical engineering services may use in its name the name of~~  
11 ~~a deceased or retired person provided all of the following~~  
12 ~~conditions are satisfied:~~

13 ~~(1) The person's name had been used in the name of the~~  
14 ~~business, or a predecessor in interest of the business, prior to and~~  
15 ~~after the death or retirement of the person.~~

16 ~~(2) The person shall have been an owner, partner, or officer of~~  
17 ~~the business, or an owner, partner, or officer of the predecessor in~~  
18 ~~interest of the business.~~

19 ~~(3) The person shall have been licensed as a professional~~  
20 ~~engineer, or a land surveyor, or an architect, or a geologist, (A) by~~  
21 ~~the appropriate licensing board if that person is operating a place~~  
22 ~~of business or practice in this state, or (B) by the applicable state~~  
23 ~~board if no place of business existed in this state.~~

24 ~~(4) The person, if retired, has consented to the use of the name~~  
25 ~~and does not permit the use of the name in the title of another~~  
26 ~~professional engineering business in this state during the period~~  
27 ~~of the consent. However, the retired person may use his or her~~  
28 ~~name as the name of a new or purchased business if it is not~~  
29 ~~identical in every respect to that person's name as used in the~~  
30 ~~former business.~~

31 ~~(5) The business shall be subject to the provisions of paragraphs~~  
32 ~~(1) and (2) of subdivision (a):~~

33 ~~(h) This section does not affect the provisions of Sections 6731.2~~  
34 ~~and 8726.1.~~

35 ~~(i) A current organization record form shall be filed with the~~  
36 ~~board for all businesses engaged in rendering civil, electrical, or~~  
37 ~~mechanical engineering services.~~

38 ~~(j) This section shall become operative on January 1, 2016.~~

1 SEC. 3. Section 8729 of the Business and Professions Code,  
2 as amended by Section 3 of Chapter 634 of the Statutes of 2010,  
3 is amended to read:

4 8729. (a) This chapter does not prohibit one or more licensed  
5 land surveyors or civil engineers licensed in this state prior to 1982  
6 (hereinafter called civil engineers) from practicing or offering to  
7 practice, within the scope of their licensure, land surveying as a  
8 sole proprietorship, partnership, limited liability partnership, firm,  
9 or corporation (hereinafter called business), if the following  
10 conditions are satisfied:

11 (1) A land surveyor or civil engineer currently licensed in the  
12 state is an owner, partner, or officer in charge of the land surveying  
13 practice of the business.

14 (2) All land surveying services are performed by or under the  
15 responsible charge of a land surveyor or civil engineer.

16 (3) If the business name of a California land surveying business  
17 contains the name of a person, then that person shall be licensed  
18 by the board as a land surveyor or licensed by the board in any  
19 year as a civil engineer. Any offer, promotion, or advertisement  
20 by the business that contains the name of any individual in the  
21 business, other than by use of the name of the individual in the  
22 business name, shall clearly and specifically designate the license  
23 discipline of each individual named.

24 (b) An out-of-state business with a branch office in this state  
25 shall meet the requirements of subdivision (a) and shall have an  
26 owner, partner, or officer who is in charge of the land surveying  
27 work in this state, who is licensed in this state, and who is  
28 physically present at the branch office in this state on a regular  
29 basis. However, the name of the business may contain the name  
30 of a person not licensed in this state, if that person is appropriately  
31 licensed or registered in another state. Any offer, promotion, or  
32 advertisement that contains the name of any individual in the  
33 business, other than by use of the name of the individual in the  
34 business name, shall clearly and specifically designate the license  
35 or registration discipline of each individual named.

36 (c) The business name of a California land surveying business  
37 may be a fictitious name. However, if the fictitious name includes  
38 the names of any person, the requirements of paragraph (3) of  
39 subdivision (a) shall be met.

1 (d) A person not licensed under this chapter or licensed as a  
2 civil engineer in this state prior to 1982 may also be a partner or  
3 an officer of a land surveying business if the conditions of  
4 subdivision (a) are satisfied. Nothing in this section shall be  
5 construed to permit a person who is not licensed under this chapter  
6 or licensed as a civil engineer in this state prior to 1982 to be the  
7 sole owner or office of a land surveying business, unless otherwise  
8 exempt under this chapter.

9 (e) This chapter does not prevent an individual or business  
10 engaged in any line of endeavor, other than the practice of land  
11 surveying, from employing or contracting with a licensed land  
12 surveyor or a licensed civil engineer to perform the respective land  
13 surveying services incidental to the conduct of business.

14 (f) This section shall not prevent the use of the name of any  
15 business engaged in rendering land surveying services, including  
16 the use by any lawful successor or survivor, that lawfully was in  
17 existence on June 1, 1941. However, the business is subject to the  
18 provisions of paragraphs (1) and (2) of subdivision (a).

19 (g) A business engaged in rendering land surveying services  
20 may use in its name the name of a deceased or retired person if  
21 the following conditions are satisfied:

22 (1) The person's name had been used in the name of the  
23 business, or a predecessor in interest of the business, prior to the  
24 death or retirement of the person.

25 (2) The person shall have been an owner, partner, or officer of  
26 the business, or an owner, partner, or officer of the predecessor in  
27 interest of the business.

28 (3) The person shall have been licensed as a land surveyor or a  
29 civil engineer by the board, if operating a place of business or  
30 practice in this state, or by an applicable state board in the event  
31 no place of business existed in this state.

32 (4) The person, if retired, has consented to the use of the name  
33 and does not permit the use of the name in the title of another land  
34 surveying business in this state during the period of that consent,  
35 except that a retired person may use his or her name as the name  
36 of a new or purchased business, if that business is not identical in  
37 every respect to that person's name as used in the former business.

38 (5) The business shall be subject to paragraphs (1) and (2) of  
39 subdivision (a).

40 (h) This section does not affect Sections 6731.2 and 8726.1.

1 (i) A current organization record form shall be filed with the  
2 board for all businesses engaged in rendering professional land  
3 surveying services.

4 ~~(j) This section shall remain in effect only until January 1, 2016,~~  
5 ~~and as of that date is repealed, unless a later enacted statute, that~~  
6 ~~is enacted before January 1, 2016, deletes or extends that date.~~

7 SEC. 4. Section 8729 of the Business and Professions Code,  
8 as added by Section 4 of Chapter 634 of the Statutes of 2010, is  
9 repealed.

10 ~~8729. (a) This chapter does not prohibit one or more licensed~~  
11 ~~land surveyors or civil engineers licensed in this state prior to 1982~~  
12 ~~(hereinafter called civil engineers) from practicing or offering to~~  
13 ~~practice within the scope of their licensure, land surveying as a~~  
14 ~~sole proprietorship, partnership, firm, or corporation (hereinafter~~  
15 ~~called business), if the following conditions are satisfied:~~

16 ~~(1) A land surveyor or civil engineer currently licensed in the~~  
17 ~~state is an owner, partner, or officer in charge of the land surveying~~  
18 ~~practice of the business.~~

19 ~~(2) All land surveying services are performed by or under the~~  
20 ~~responsible charge of a land surveyor or civil engineer.~~

21 ~~(3) If the business name of a California land surveying business~~  
22 ~~contains the name of a person, then that person shall be licensed~~  
23 ~~by the board as a land surveyor or licensed by the board in any~~  
24 ~~year as a civil engineer. Any offer, promotion, or advertisement~~  
25 ~~by the business that contains the name of any individual in the~~  
26 ~~business, other than by use of the name of the individual in the~~  
27 ~~business name, shall clearly and specifically designate the license~~  
28 ~~discipline of each individual named.~~

29 ~~(b) An out-of-state business with a branch office in this state~~  
30 ~~shall meet the requirements of subdivision (a) and shall have an~~  
31 ~~owner, partner, or officer who is in charge of the land surveying~~  
32 ~~work in this state, who is licensed in this state, and who is~~  
33 ~~physically present at the branch office in this state on a regular~~  
34 ~~basis. However, the name of the business may contain the name~~  
35 ~~of a person not licensed in this state, if that person is appropriately~~  
36 ~~licensed or registered in another state. Any offer, promotion, or~~  
37 ~~advertisement that contains the name of any individual in the~~  
38 ~~business, other than by use of the name of the individual in the~~  
39 ~~business name, shall clearly and specifically designate the license~~  
40 ~~or registration discipline of each individual named.~~

1 ~~(e) The business name of a California land surveying business~~  
2 ~~may be a fictitious name. However, if the fictitious name includes~~  
3 ~~the names of any person, the requirements of paragraph (3) of~~  
4 ~~subdivision (a) shall be met.~~

5 ~~(d) A person not licensed under this chapter or licensed as a~~  
6 ~~civil engineer in this state prior to 1982 may also be a partner or~~  
7 ~~an officer of a land surveying business if the conditions of~~  
8 ~~subdivision (a) are satisfied. Nothing in this section shall be~~  
9 ~~construed to permit a person who is not licensed under this chapter~~  
10 ~~or licensed as a civil engineer in this state prior to 1982 to be the~~  
11 ~~sole owner or office of a land surveying business, unless otherwise~~  
12 ~~exempt under this chapter.~~

13 ~~(e) This chapter does not prevent an individual or business~~  
14 ~~engaged in any line of endeavor, other than the practice of land~~  
15 ~~surveying, from employing or contracting with a licensed land~~  
16 ~~surveyor or a licensed civil engineer to perform the respective land~~  
17 ~~surveying services incidental to the conduct of business.~~

18 ~~(f) This section shall not prevent the use of the name of any~~  
19 ~~business engaged in rendering land surveying services, including~~  
20 ~~the use by any lawful successor or survivor, that lawfully was in~~  
21 ~~existence on June 1, 1941. However, the business is subject to the~~  
22 ~~provisions of paragraphs (1) and (2) of subdivision (a).~~

23 ~~(g) A business engaged in rendering land surveying services~~  
24 ~~may use in its name the name of a deceased or retired person if~~  
25 ~~the following conditions are satisfied:~~

26 ~~(1) The person's name had been used in the name of the~~  
27 ~~business, or a predecessor in interest of the business, prior to the~~  
28 ~~death or retirement of the person.~~

29 ~~(2) The person shall have been an owner, partner, or officer of~~  
30 ~~the business, or an owner, partner, or officer of the predecessor in~~  
31 ~~interest of the business.~~

32 ~~(3) The person shall have been licensed as a land surveyor or a~~  
33 ~~civil engineer by the board, if operating a place of business or~~  
34 ~~practice in this state, or by an applicable state board in the event~~  
35 ~~no place of business existed in this state.~~

36 ~~(4) The person, if retired, has consented to the use of the name~~  
37 ~~and does not permit the use of the name in the title of another land~~  
38 ~~surveying business in this state during the period of that consent,~~  
39 ~~except that a retired person may use his or her name as the name~~

1 of a new or purchased business, if that business is not identical in  
2 every respect to that person's name as used in the former business.

3 ~~(5) The business shall be subject to paragraphs (1) and (2) of~~  
4 ~~subdivision (a).~~

5 ~~(h) This section does not affect Sections 6731.2 and 8726.1.~~

6 ~~(i) A current organization record form shall be filed with the~~  
7 ~~board for all businesses engaged in rendering professional land~~  
8 ~~surveying services.~~

9 ~~(j) This section shall become operative on January 1, 2016.~~

10 SEC. 5. Section 16101 of the Corporations Code, as amended  
11 by Section 1 of Chapter 291 of the Statutes of 2011, is amended  
12 to read:

13 16101. As used in this chapter, the following terms and phrases  
14 have the following meanings:

15 (1) "Business" includes every trade, occupation, and profession.

16 (2) "Debtor in bankruptcy" means a person who is the subject  
17 of either of the following:

18 (A) An order for relief under Title 11 of the United States Code  
19 or a comparable order under a successor statute of general  
20 application.

21 (B) A comparable order under federal, state, or foreign law  
22 governing insolvency.

23 (3) "Distribution" means a transfer of money or other property  
24 from a partnership to a partner in the partner's capacity as a partner  
25 or to the partner's transferee.

26 (4) "Electronic transmission by the partnership" means a  
27 communication (a) delivered by (1) facsimile telecommunication  
28 or electronic mail when directed to the facsimile number or  
29 electronic mail address, respectively, for that recipient on record  
30 with the partnership, (2) posting on an electronic message board  
31 or network that the partnership has designated for those  
32 communications, together with a separate notice to the recipient  
33 of the posting, which transmission shall be validly delivered upon  
34 the later of the posting or delivery of the separate notice thereof,  
35 or (3) other means of electronic communication, (b) to a recipient  
36 who has provided an unrevoked consent to the use of those means  
37 of transmission, and (c) that creates a record that is capable of  
38 retention, retrieval, and review, and that may thereafter be rendered  
39 into clearly legible tangible form. However, an electronic  
40 transmission by a partnership to an individual partner is not

1 authorized unless, in addition to satisfying the requirements of this  
2 section, the transmission satisfies the requirements applicable to  
3 consumer consent to electronic records as set forth in the Electronic  
4 Signatures in Global and National Commerce Act (15 U.S.C. Sec.  
5 7001(c)(1)).

6 (5) “Electronic transmission to the partnership” means a  
7 communication (a) delivered by (1) facsimile telecommunication  
8 or electronic mail when directed to the facsimile number or  
9 electronic mail address, respectively, which the partnership has  
10 provided from time to time to partners for sending communications  
11 to the partnership, (2) posting on an electronic message board or  
12 network that the partnership has designated for those  
13 communications, and which transmission shall be validly delivered  
14 upon the posting, or (3) other means of electronic communication,  
15 (b) as to which the partnership has placed in effect reasonable  
16 measures to verify that the sender is the partner (in person or by  
17 proxy) purporting to send the transmission, and (c) that creates a  
18 record that is capable of retention, retrieval, and review, and that  
19 may thereafter be rendered into clearly legible tangible form.

20 (6) (A) “Foreign limited liability partnership” means a  
21 partnership, other than a limited partnership, formed pursuant to  
22 an agreement governed by the laws of another jurisdiction and  
23 denominated or registered as a limited liability partnership or  
24 registered limited liability partnership under the laws of that  
25 jurisdiction (i) in which each partner is a licensed person or a  
26 person licensed or authorized to provide professional limited  
27 liability partnership services in a jurisdiction or jurisdictions other  
28 than this state, (ii) which is licensed under the laws of the state to  
29 engage in the practice of architecture, the practice of public  
30 accountancy, the practice of engineering, the practice of land  
31 surveying, or the practice of law, or (iii) which (I) is related to a  
32 registered limited liability partnership that practices public  
33 accountancy or, to the extent permitted by the State Bar, practices  
34 law or is related to a foreign limited liability partnership and (II)  
35 provides services related or complementary to the professional  
36 limited liability partnership services provided by, or provides  
37 services or facilities to, that registered limited liability partnership  
38 or foreign limited liability partnership.

39 (B) For the purposes of clause (iii) of subparagraph (A), a  
40 partnership is related to a registered limited liability partnership

1 or foreign limited liability partnership if (i) at least a majority of  
2 the partners in one partnership are also partners in the other  
3 partnership, or (ii) at least a majority in interest in each partnership  
4 hold interests in or are members of another person, except an  
5 individual, and each partnership renders services pursuant to an  
6 agreement with that other person, or (iii) one partnership, directly  
7 or indirectly through one or more intermediaries, controls, is  
8 controlled by, or is under common control with, the other  
9 partnership.

10 (7) “Licensed person” means any person who is duly licensed,  
11 authorized, or registered under the provisions of the Business and  
12 Professions Code to provide professional limited liability  
13 partnership services or who is lawfully able to render professional  
14 limited liability partnership services in this state.

15 (8) (A) “Registered limited liability partnership” means a  
16 partnership, other than a limited partnership, formed pursuant to  
17 an agreement governed by Article 10 (commencing with Section  
18 16951), that is registered under Section 16953 and (i) each of the  
19 partners of which is a licensed person or a person licensed or  
20 authorized to provide professional limited liability partnership  
21 services in a jurisdiction or jurisdictions other than this state, (ii)  
22 is licensed under the laws of the state to engage in the practice of  
23 architecture, the practice of public accountancy, the practice of  
24 engineering, the practice of land surveying, or the practice of law,  
25 or (iii)(I) is related to a registered limited liability partnership that  
26 practices public accountancy or, to the extent permitted by the  
27 State Bar, practices law or is related to a foreign limited liability  
28 partnership and (II) provides services related or complementary  
29 to the professional limited liability partnership services provided  
30 by, or provides services or facilities to, that registered limited  
31 liability partnership or foreign limited liability partnership.

32 (B) For the purposes of clause (iii) of subparagraph (A), a  
33 partnership is related to a registered limited liability partnership  
34 or foreign limited liability partnership if (i) at least a majority of  
35 the partners in one partnership are also partners in the other  
36 partnership, or (ii) at least a majority in interest in each partnership  
37 hold interests in or are members of another person, other than an  
38 individual, and each partnership renders services pursuant to an  
39 agreement with that other person, or (iii) one partnership, directly  
40 or indirectly through one or more intermediaries, controls, is

1 controlled by, or is under common control with, the other  
2 partnership.

3 (9) “Partnership” means an association of two or more persons  
4 to carry on as coowners a business for profit formed under Section  
5 16202, predecessor law, or comparable law of another jurisdiction,  
6 and includes, for all purposes of the laws of this state, a registered  
7 limited liability partnership, and excludes any partnership formed  
8 under ~~Chapter 2 (commencing with Section 15501), Chapter 3~~  
9 ~~(commencing with Section 15611), or Chapter 5.5~~ 4.5  
10 (commencing with Section 15900).

11 (10) “Partnership agreement” means the agreement, whether  
12 written, oral, or implied, among the partners concerning the  
13 partnership, including amendments to the partnership agreement.

14 (11) “Partnership at will” means a partnership in which the  
15 partners have not agreed to remain partners until the expiration of  
16 a definite term or the completion of a particular undertaking.

17 (12) “Partnership interest” or “partner’s interest in the  
18 partnership” means all of a partner’s interests in the partnership,  
19 including the partner’s transferable interest and all management  
20 and other rights.

21 (13) “Person” means an individual, corporation, business trust,  
22 estate, trust, partnership, limited partnership, limited liability  
23 partnership, limited liability company, association, joint venture,  
24 government, governmental subdivision, agency, or instrumentality,  
25 or any other legal or commercial entity.

26 (14) “Professional limited liability partnership services” means  
27 the practice of architecture, the practice of public accountancy,  
28 the practice of engineering, the practice of land surveying, or the  
29 practice of law.

30 (15) “Property” means all property, real, personal, or mixed,  
31 tangible or intangible, or any interest therein.

32 (16) “State” means a state of the United States, the District of  
33 Columbia, the Commonwealth of Puerto Rico, or any territory or  
34 insular possession subject to the jurisdiction of the United States.

35 (17) “Statement” means a statement of partnership authority  
36 under Section 16303, a statement of denial under Section 16304,  
37 a statement of dissociation under Section 16704, a statement of  
38 dissolution under Section 16805, a statement of conversion or a  
39 certificate of conversion under Section 16906, a statement of

1 merger under Section 16915, or an amendment or cancellation of  
2 any of the foregoing.

3 (18) “Transfer” includes an assignment, conveyance, lease,  
4 mortgage, deed, and encumbrance.

5 (19) The inclusion of the practice of architecture as a  
6 professional limited liability partnership service permitted by this  
7 section shall extend only until January 1, ~~2016~~. 2019.

8 ~~(20) This section shall remain in effect only until January 1,~~  
9 ~~2016, and as of that date is repealed, unless a later enacted statute,~~  
10 ~~that is enacted before January 1, 2016, deletes or extends that date.~~

11 SEC. 6. Section 16101 of the Corporations Code, as amended  
12 by Section 2 of Chapter 291 of the Statutes of 2011, is repealed.

13 ~~16101. As used in this chapter, the following terms and phrases~~  
14 ~~have the following meanings:~~

15 (1) “Business” includes every trade, occupation, and profession.

16 (2) “Debtor in bankruptcy” means a person who is the subject  
17 of either of the following:

18 (A) ~~An order for relief under Title 11 of the United States Code~~  
19 ~~or a comparable order under a successor statute of general~~  
20 ~~application.~~

21 (B) ~~A comparable order under federal, state, or foreign law~~  
22 ~~governing insolvency.~~

23 (3) “Distribution” means a transfer of money or other property  
24 from a partnership to a partner in the partner’s capacity as a partner  
25 or to the partner’s transferee.

26 (4) “Electronic transmission by the partnership” means a  
27 communication (a) delivered by (1) facsimile telecommunication  
28 or electronic mail when directed to the facsimile number or  
29 electronic mail address, respectively, for that recipient on record  
30 with the partnership, (2) posting on an electronic message board  
31 or network that the partnership has designated for those  
32 communications, together with a separate notice to the recipient  
33 of the posting, which transmission shall be validly delivered upon  
34 the later of the posting or delivery of the separate notice thereof,  
35 or (3) other means of electronic communication, (b) to a recipient  
36 who has provided an unrevoked consent to the use of those means  
37 of transmission, and (c) that creates a record that is capable of  
38 retention, retrieval, and review, and that may thereafter be rendered  
39 into clearly legible tangible form. However, an electronic  
40 transmission by a partnership to an individual partner is not

1 authorized unless, in addition to satisfying the requirements of this  
2 section, the transmission satisfies the requirements applicable to  
3 consumer consent to electronic records as set forth in the Electronic  
4 Signatures in Global and National Commerce Act (15 U.S.C. Sec.  
5 7001(e)(1)).

6 ~~(5) “Electronic transmission to the partnership” means a~~  
7 ~~communication (a) delivered by (1) facsimile telecommunication~~  
8 ~~or electronic mail when directed to the facsimile number or~~  
9 ~~electronic mail address, respectively, which the partnership has~~  
10 ~~provided from time to time to partners for sending communications~~  
11 ~~to the partnership, (2) posting on an electronic message board or~~  
12 ~~network that the partnership has designated for those~~  
13 ~~communications, and which transmission shall be validly delivered~~  
14 ~~upon the posting, or (3) other means of electronic communication,~~  
15 ~~(b) as to which the partnership has placed in effect reasonable~~  
16 ~~measures to verify that the sender is the partner (in person or by~~  
17 ~~proxy) purporting to send the transmission, and (c) that creates a~~  
18 ~~record that is capable of retention, retrieval, and review, and that~~  
19 ~~may thereafter be rendered into clearly legible tangible form.~~

20 ~~(6) (A) “Foreign limited liability partnership” means a~~  
21 ~~partnership, other than a limited partnership, formed pursuant to~~  
22 ~~an agreement governed by the laws of another jurisdiction and~~  
23 ~~denominated or registered as a limited liability partnership or~~  
24 ~~registered limited liability partnership under the laws of that~~  
25 ~~jurisdiction (i) in which each partner is a licensed person or a~~  
26 ~~person licensed or authorized to provide professional limited~~  
27 ~~liability partnership services in a jurisdiction or jurisdictions other~~  
28 ~~than this state, (ii) which is licensed under the laws of the state to~~  
29 ~~engage in the practice of architecture, the practice of public~~  
30 ~~accountancy, or the practice of law, or (iii) which (I) is related to~~  
31 ~~a registered limited liability partnership that practices public~~  
32 ~~accountancy or, to the extent permitted by the State Bar, practices~~  
33 ~~law or is related to a foreign limited liability partnership and (II)~~  
34 ~~provides services related or complementary to the professional~~  
35 ~~limited liability partnership services provided by, or provides~~  
36 ~~services or facilities to, that registered limited liability partnership~~  
37 ~~or foreign limited liability partnership.~~

38 ~~(B) For the purposes of clause (iii) of subparagraph (A), a~~  
39 ~~partnership is related to a registered limited liability partnership~~  
40 ~~or foreign limited liability partnership if (i) at least a majority of~~

1 the partners in one partnership are also partners in the other  
2 partnership, or (ii) at least a majority in interest in each partnership  
3 hold interests in or are members of another person, except an  
4 individual, and each partnership renders services pursuant to an  
5 agreement with that other person, or (iii) one partnership, directly  
6 or indirectly through one or more intermediaries, controls, is  
7 controlled by, or is under common control with, the other  
8 partnership.

9 (7) “Licensed person” means any person who is duly licensed,  
10 authorized, or registered under the provisions of the Business and  
11 Professions Code to provide professional limited liability  
12 partnership services or who is lawfully able to render professional  
13 limited liability partnership services in this state.

14 (8) (A) “Registered limited liability partnership” means a  
15 partnership, other than a limited partnership, formed pursuant to  
16 an agreement governed by Article 10 (commencing with Section  
17 16951), that is registered under Section 16953 and (i) each of the  
18 partners of which is a licensed person or a person licensed or  
19 authorized to provide professional limited liability partnership  
20 services in a jurisdiction or jurisdictions other than this state, (ii)  
21 is licensed under the laws of the state to engage in the practice of  
22 architecture, practice of public accountancy, or the practice of law,  
23 or (iii)(I) is related to a registered limited liability partnership that  
24 practices public accountancy or, to the extent permitted by the  
25 State Bar, practices law or is related to a foreign limited liability  
26 partnership and (II) provides services related or complementary  
27 to the professional limited liability partnership services provided  
28 by, or provides services or facilities to, that registered limited  
29 liability partnership or foreign limited liability partnership.

30 (B) For the purposes of clause (iii) of subparagraph (A), a  
31 partnership is related to a registered limited liability partnership  
32 or foreign limited liability partnership if (i) at least a majority of  
33 the partners in one partnership are also partners in the other  
34 partnership, or (ii) at least a majority in interest in each partnership  
35 hold interests in or are members of another person, other than an  
36 individual, and each partnership renders services pursuant to an  
37 agreement with that other person, or (iii) one partnership, directly  
38 or indirectly through one or more intermediaries, controls, is  
39 controlled by, or is under common control with, the other  
40 partnership.

1 (9) “Partnership” means an association of two or more persons  
2 to carry on as coowners a business for profit formed under Section  
3 16202, predecessor law, or comparable law of another jurisdiction,  
4 and includes, for all purposes of the laws of this state, a registered  
5 limited liability partnership, and excludes any partnership formed  
6 under Chapter 2 (commencing with Section 15501), Chapter 3  
7 (commencing with Section 15611), or Chapter 5.5 (commencing  
8 with Section 15900).

9 (10) “Partnership agreement” means the agreement, whether  
10 written, oral, or implied, among the partners concerning the  
11 partnership, including amendments to the partnership agreement.

12 (11) “Partnership at will” means a partnership in which the  
13 partners have not agreed to remain partners until the expiration of  
14 a definite term or the completion of a particular undertaking.

15 (12) “Partnership interest” or “partner’s interest in the  
16 partnership” means all of a partner’s interests in the partnership,  
17 including the partner’s transferable interest and all management  
18 and other rights.

19 (13) “Person” means an individual, corporation, business trust,  
20 estate, trust, partnership, limited partnership, limited liability  
21 partnership, limited liability company, association, joint venture,  
22 government, governmental subdivision, agency, or instrumentality,  
23 or any other legal or commercial entity.

24 (14) “Professional limited liability partnership services” means  
25 the practice of architecture, the practice of public accountancy, or  
26 the practice of law.

27 (15) “Property” means all property, real, personal, or mixed,  
28 tangible or intangible, or any interest therein.

29 (16) “State” means a state of the United States, the District of  
30 Columbia, the Commonwealth of Puerto Rico, or any territory or  
31 insular possession subject to the jurisdiction of the United States.

32 (17) “Statement” means a statement of partnership authority  
33 under Section 16303, a statement of denial under Section 16304,  
34 a statement of dissociation under Section 16704, a statement of  
35 dissolution under Section 16805, a statement of conversion or a  
36 certificate of conversion under Section 16906, a statement of  
37 merger under Section 16915, or an amendment or cancellation of  
38 any of the foregoing.

39 (18) “Transfer” includes an assignment, conveyance, lease,  
40 mortgage, deed, and encumbrance.

1 ~~(19) The inclusion of the practice of architecture as a~~  
2 ~~professional limited liability partnership service permitted by this~~  
3 ~~section shall extend only until January 1, 2019.~~

4 ~~(20) This section shall become operative on January 1, 2016.~~

5 SEC. 7. Section 16956 of the Corporations Code, as amended  
6 by Section 7 of Chapter 634 of the Statutes of 2010, is amended  
7 to read:

8 16956. (a) At the time of registration pursuant to Section  
9 16953, in the case of a registered limited liability partnership, and  
10 Section 16959, in the case of a foreign limited liability partnership,  
11 and at all times during which those partnerships shall transact  
12 intrastate business, every registered limited liability partnership  
13 and foreign limited liability partnership, as the case may be, shall  
14 be required to provide security for claims against it as follows:

15 (1) For claims based upon acts, errors, or omissions arising out  
16 of the practice of public accountancy, a registered limited liability  
17 partnership or foreign limited liability partnership providing  
18 accountancy services shall comply with one, or pursuant to  
19 subdivision (b) some combination, of the following:

20 (A) Maintaining a policy or policies of insurance against liability  
21 imposed on or against it by law for damages arising out of claims;  
22 however, the total aggregate limit of liability under the policy or  
23 policies of insurance for partnerships with five or fewer licensed  
24 persons shall not be less than one million dollars (\$1,000,000),  
25 and for partnerships with more than five licensees rendering  
26 professional services on behalf of the partnership, an additional  
27 one hundred thousand dollars (\$100,000) of insurance shall be  
28 obtained for each additional licensee; however, the maximum  
29 amount of insurance is not required to exceed five million dollars  
30 (\$5,000,000) in any one designated period, less amounts paid in  
31 defending, settling, or discharging claims as set forth in this  
32 subparagraph. The policy or policies may be issued on a  
33 claims-made or occurrence basis, and shall cover: (i) in the case  
34 of a claims-made policy, claims initially asserted in the designated  
35 period, and (ii) in the case of an occurrence policy, occurrences  
36 during the designated period. For purposes of this subparagraph,  
37 “designated period” means a policy year or any other period  
38 designated in the policy that is not greater than 12 months. The  
39 impairment or exhaustion of the aggregate limit of liability by  
40 amounts paid under the policy in connection with the settlement,

1 discharge, or defense of claims applicable to a designated period  
2 shall not require the partnership to acquire additional insurance  
3 coverage for that designated period. The policy or policies of  
4 insurance may be in a form reasonably available in the commercial  
5 insurance market and may be subject to those terms, conditions,  
6 exclusions, and endorsements that are typically contained in those  
7 policies. A policy or policies of insurance maintained pursuant to  
8 this subparagraph may be subject to a deductible or self-insured  
9 retention.

10 Upon the dissolution and winding up of the partnership, the  
11 partnership shall, with respect to any insurance policy or policies  
12 then maintained pursuant to this subparagraph, maintain or obtain  
13 an extended reporting period endorsement or equivalent provision  
14 in the maximum total aggregate limit of liability required to comply  
15 with this subparagraph for a minimum of three years if reasonably  
16 available from the insurer.

17 (B) Maintaining in trust or bank escrow, cash, bank certificates  
18 of deposit, United States Treasury obligations, bank letters of  
19 credit, or bonds of insurance or surety companies as security for  
20 payment of liabilities imposed by law for damages arising out of  
21 all claims; however, the maximum amount of security for  
22 partnerships with five or fewer licensed persons shall not be less  
23 than one million dollars (\$1,000,000), and for partnerships with  
24 more than five licensees rendering professional services on behalf  
25 of the partnership, an additional one hundred thousand dollars  
26 (\$100,000) of security shall be obtained for each additional  
27 licensee; however, the maximum amount of security is not required  
28 to exceed five million dollars (\$5,000,000). The partnership  
29 remains in compliance with this section during a calendar year  
30 notwithstanding amounts paid during that calendar year from the  
31 accounts, funds, Treasury obligations, letters of credit, or bonds  
32 in defending, settling, or discharging claims of the type described  
33 in this paragraph, provided that the amount of those accounts,  
34 funds, Treasury obligations, letters of credit, or bonds was at least  
35 the amount specified in the preceding sentence as of the first  
36 business day of that calendar year. Notwithstanding the pendency  
37 of other claims against the partnership, a registered limited liability  
38 partnership or foreign limited liability partnership shall be deemed  
39 to be in compliance with this subparagraph as to a claim if within  
40 30 days after the time that a claim is initially asserted through

1 service of a summons, complaint, or comparable pleading in a  
2 judicial or administrative proceeding, the partnership has provided  
3 the required amount of security by designating and segregating  
4 funds in compliance with the requirements of this subparagraph.

5 (C) Unless the partnership has satisfied subparagraph (D), each  
6 partner of a registered limited liability partnership or foreign  
7 limited liability partnership providing accountancy services, by  
8 virtue of that person's status as a partner, thereby automatically  
9 guarantees payment of the difference between the maximum  
10 amount of security required for the partnership by this paragraph  
11 and the security otherwise provided in accordance with  
12 subparagraphs (A) and (B), provided that the aggregate amount  
13 paid by all partners under these guarantees shall not exceed the  
14 difference. Neither withdrawal by a partner nor the dissolution and  
15 winding up of the partnership shall affect the rights or obligations  
16 of a partner arising prior to withdrawal or dissolution and winding  
17 up, and the guarantee provided for in this subparagraph shall apply  
18 only to conduct that occurred prior to the withdrawal or dissolution  
19 and winding up. Nothing contained in this subparagraph shall  
20 affect or impair the rights or obligations of the partners among  
21 themselves, or the partnership, including, but not limited to, rights  
22 of contribution, subrogation, or indemnification.

23 (D) Confirming, pursuant to the procedure in subdivision (c),  
24 that, as of the most recently completed fiscal year of the  
25 partnership, it had a net worth equal to or exceeding ten million  
26 dollars (\$10,000,000).

27 (2) For claims based upon acts, errors, or omissions arising out  
28 of the practice of law, a registered limited liability partnership or  
29 foreign limited liability partnership providing legal services shall  
30 comply with one, or pursuant to subdivision (b) some combination,  
31 of the following:

32 (A) Each registered limited liability partnership or foreign  
33 limited liability partnership providing legal services shall maintain  
34 a policy or policies of insurance against liability imposed on or  
35 against it by law for damages arising out of claims; however, the  
36 total aggregate limit of liability under the policy or policies of  
37 insurance for partnerships with five or fewer licensed persons shall  
38 not be less than one million dollars (\$1,000,000), and for  
39 partnerships with more than five licensees rendering professional  
40 services on behalf of the partnership, an additional one hundred

1 thousand dollars (\$100,000) of insurance shall be obtained for  
2 each additional licensee; however, the maximum amount of  
3 insurance is not required to exceed seven million five hundred  
4 thousand dollars (\$7,500,000) in any one designated period, less  
5 amounts paid in defending, settling, or discharging claims as set  
6 forth in this subparagraph. The policy or policies may be issued  
7 on a claims-made or occurrence basis, and shall cover (i) in the  
8 case of a claims-made policy, claims initially asserted in the  
9 designated period, and (ii) in the case of an occurrence policy,  
10 occurrences during the designated period. For purposes of this  
11 subparagraph, “designated period” means a policy year or any  
12 other period designated in the policy that is not greater than 12  
13 months. The impairment or exhaustion of the aggregate limit of  
14 liability by amounts paid under the policy in connection with the  
15 settlement, discharge, or defense of claims applicable to a  
16 designated period shall not require the partnership to acquire  
17 additional insurance coverage for that designated period. The policy  
18 or policies of insurance may be in a form reasonably available in  
19 the commercial insurance market and may be subject to those  
20 terms, conditions, exclusions, and endorsements that are typically  
21 contained in those policies. A policy or policies of insurance  
22 maintained pursuant to this subparagraph may be subject to a  
23 deductible or self-insured retention.

24 Upon the dissolution and winding up of the partnership, the  
25 partnership shall, with respect to any insurance policy or policies  
26 then maintained pursuant to this subparagraph, maintain or obtain  
27 an extended reporting period endorsement or equivalent provision  
28 in the maximum total aggregate limit of liability required to comply  
29 with this subparagraph for a minimum of three years if reasonably  
30 available from the insurer.

31 (B) Each registered limited liability partnership or foreign  
32 limited liability partnership providing legal services shall maintain  
33 in trust or bank escrow, cash, bank certificates of deposit, United  
34 States Treasury obligations, bank letters of credit, or bonds of  
35 insurance or surety companies as security for payment of liabilities  
36 imposed by law for damages arising out of all claims; however,  
37 the maximum amount of security for partnerships with five or  
38 fewer licensed persons shall not be less than one million dollars  
39 (\$1,000,000), and for partnerships with more than five licensees  
40 rendering professional services on behalf of the partnership, an

1 additional one hundred thousand dollars (\$100,000) of security  
2 shall be obtained for each additional licensee; however, the  
3 maximum amount of security is not required to exceed seven  
4 million five hundred thousand dollars (\$7,500,000). The partnership  
5 remains in compliance with this section during a calendar year  
6 notwithstanding amounts paid during that calendar year from the  
7 accounts, funds, Treasury obligations, letters of credit, or bonds  
8 in defending, settling, or discharging claims of the type described  
9 in this paragraph, provided that the amount of those accounts,  
10 funds, Treasury obligations, letters of credit, or bonds was at least  
11 the amount specified in the preceding sentence as of the first  
12 business day of that calendar year. Notwithstanding the pendency  
13 of other claims against the partnership, a registered limited liability  
14 partnership or foreign limited liability partnership shall be deemed  
15 to be in compliance with this subparagraph as to a claim if within  
16 30 days after the time that a claim is initially asserted through  
17 service of a summons, complaint, or comparable pleading in a  
18 judicial or administrative proceeding, the partnership has provided  
19 the required amount of security by designating and segregating  
20 funds in compliance with the requirement of this subparagraph.

21 (C) Unless the partnership has satisfied the requirements of  
22 subparagraph (D), each partner of a registered limited liability  
23 partnership or foreign limited liability partnership providing legal  
24 services, by virtue of that person's status as a partner, thereby  
25 automatically guarantees payment of the difference between the  
26 maximum amount of security required for the partnership by this  
27 paragraph and the security otherwise provided in accordance with  
28 the provisions of subparagraphs (A) and (B), provided that the  
29 aggregate amount paid by all partners under these guarantees shall  
30 not exceed the difference. Neither withdrawal by a partner nor the  
31 dissolution and winding up of the partnership shall affect the rights  
32 or obligations of a partner arising prior to withdrawal or dissolution  
33 and winding up, and the guarantee provided for in this  
34 subparagraph shall apply only to conduct that occurred prior to  
35 the withdrawal or dissolution and winding up. Nothing contained  
36 in this subparagraph shall affect or impair the rights or obligations  
37 of the partners among themselves, or the partnership, including,  
38 but not limited to, rights of contribution, subrogation, or  
39 indemnification.

1 (D) Confirming, pursuant to the procedure in subdivision (c),  
2 that, as of the most recently completed fiscal year of the  
3 partnership, it had a net worth equal to or exceeding fifteen million  
4 dollars (\$15,000,000).

5 (3) For claims based upon acts, errors, or omissions arising out  
6 of the practice of architecture, a registered limited liability  
7 partnership or foreign limited liability partnership providing  
8 architectural services shall comply with one, or pursuant to  
9 subdivision (b) some combination, of the following:

10 (A) Maintaining a policy or policies of insurance against liability  
11 imposed on or against it by law for damages arising out of claims;  
12 however, the total aggregate limit of liability under the policy or  
13 policies of insurance for partnerships with five or fewer licensees  
14 rendering professional services on behalf of the partnership shall  
15 not be less than one million dollars (\$1,000,000), and for  
16 partnerships with more than five licensees rendering professional  
17 services on behalf of the partnership, an additional one hundred  
18 thousand dollars (\$100,000) of liability coverage shall be obtained  
19 for each additional licensee; however, the total aggregate limit of  
20 liability under the policy or policies of insurance is not required  
21 to exceed five million dollars (\$5,000,000). The policy or policies  
22 may be issued on a claims-made or occurrence basis, and shall  
23 cover: (i) in the case of a claims-made policy, claims initially  
24 asserted in the designated period, and (ii) in the case of an  
25 occurrence policy, occurrences during the designated period. For  
26 purposes of this subparagraph, “designated period” means a policy  
27 year or any other period designated in the policy that is not greater  
28 than 12 months. The impairment or exhaustion of the aggregate  
29 limit of liability by amounts paid under the policy in connection  
30 with the settlement, discharge, or defense of claims applicable to  
31 a designated period shall not require the partnership to acquire  
32 additional insurance coverage for that designated period. The policy  
33 or policies of insurance may be in a form reasonably available in  
34 the commercial insurance market and may be subject to those  
35 terms, conditions, exclusions, and endorsements that are typically  
36 contained in those policies. A policy or policies of insurance  
37 maintained pursuant to this subparagraph may be subject to a  
38 deductible or self-insured retention.

39 Upon the dissolution and winding up of the partnership, the  
40 partnership shall, with respect to any insurance policy or policies

1 then maintained pursuant to this subparagraph, maintain or obtain  
2 an extended reporting period endorsement or equivalent provision  
3 in the maximum total aggregate limit of liability required to comply  
4 with this subparagraph for a minimum of three years if reasonably  
5 available from the insurer.

6 (B) Maintaining in trust or bank escrow, cash, bank certificates  
7 of deposit, United States Treasury obligations, bank letters of  
8 credit, or bonds of insurance or surety companies as security for  
9 payment of liabilities imposed by law for damages arising out of  
10 all claims; however, the maximum amount of security for  
11 partnerships with five or fewer licensees rendering professional  
12 services on behalf of the partnership shall not be less than one  
13 million dollars (\$1,000,000), and for partnerships with more than  
14 five licensees rendering professional services on behalf of the  
15 partnership, an additional one hundred thousand dollars (\$100,000)  
16 of security shall be obtained for each additional licensee; however,  
17 the maximum amount of security is not required to exceed five  
18 million dollars (\$5,000,000). The partnership remains in  
19 compliance with this section during a calendar year notwithstanding  
20 amounts paid during that calendar year from the accounts, funds,  
21 Treasury obligations, letters of credit, or bonds in defending,  
22 settling, or discharging claims of the type described in this  
23 paragraph, provided that the amount of those accounts, funds,  
24 Treasury obligations, letters of credit, or bonds was at least the  
25 amount specified in the preceding sentence as of the first business  
26 day of that calendar year. Notwithstanding the pendency of other  
27 claims against the partnership, a registered limited liability  
28 partnership or foreign limited liability partnership shall be deemed  
29 to be in compliance with this subparagraph as to a claim if within  
30 30 days after the time that a claim is initially asserted through  
31 service of a summons, complaint, or comparable pleading in a  
32 judicial or administrative proceeding, the partnership has provided  
33 the required amount of security by designating and segregating  
34 funds in compliance with the requirements of this subparagraph.

35 (C) Unless the partnership has satisfied subparagraph (D), each  
36 partner of a registered limited liability partnership or foreign  
37 limited liability partnership providing architectural services, by  
38 virtue of that person's status as a partner, thereby automatically  
39 guarantees payment of the difference between the maximum  
40 amount of security required for the partnership by this paragraph

1 and the security otherwise provided in accordance with  
2 subparagraphs (A) and (B), provided that the aggregate amount  
3 paid by all partners under these guarantees shall not exceed the  
4 difference. Neither withdrawal by a partner nor the dissolution and  
5 winding up of the partnership shall affect the rights or obligations  
6 of a partner arising prior to withdrawal or dissolution and winding  
7 up, and the guarantee provided for in this subparagraph shall apply  
8 only to conduct that occurred prior to the withdrawal or dissolution  
9 and winding up. Nothing contained in this subparagraph shall  
10 affect or impair the rights or obligations of the partners among  
11 themselves, or the partnership, including, but not limited to, rights  
12 of contribution, subrogation, or indemnification.

13 (D) Confirming, pursuant to the procedure in subdivision (c),  
14 that, as of the most recently completed fiscal year of the  
15 partnership, it had a net worth equal to or exceeding ten million  
16 dollars (\$10,000,000).

17 (4) For claims based upon acts, errors, or omissions arising out  
18 of the practice of engineering or the practice of land surveying, a  
19 registered limited liability partnership or foreign limited liability  
20 partnership providing engineering or land surveying services shall  
21 comply with one, or pursuant to subdivision (b) some combination,  
22 of the following:

23 (A) Maintaining a policy or policies of insurance against liability  
24 imposed on or against it by law for damages arising out of claims;  
25 however, the total aggregate limit of liability under the policy or  
26 policies of insurance for partnerships with five or fewer licensees  
27 rendering professional services on behalf of the partnership shall  
28 not be less than two million dollars (\$2,000,000), and for  
29 partnerships with more than five licensees rendering professional  
30 services on behalf of the partnership, an additional one hundred  
31 thousand dollars (\$100,000) of liability coverage shall be obtained  
32 for each additional licensee; however, the total aggregate limit of  
33 liability under the policy or policies of insurance is not required  
34 to exceed five million dollars (\$5,000,000). The policy or policies  
35 may be issued on a claims-made or occurrence basis, and shall  
36 cover: (i) in the case of a claims-made policy, claims initially  
37 asserted in the designated period, and (ii) in the case of an  
38 occurrence policy, occurrences during the designated period. For  
39 purposes of this subparagraph, “designated period” means a policy  
40 year or any other period designated in the policy that is not greater

1 than 12 months. The impairment or exhaustion of the aggregate  
2 limit of liability by amounts paid under the policy in connection  
3 with the settlement, discharge, or defense of claims applicable to  
4 a designated period shall not require the partnership to acquire  
5 additional insurance coverage for that designated period. The policy  
6 or policies of insurance may be in a form reasonably available in  
7 the commercial insurance market and may be subject to those  
8 terms, conditions, exclusions, and endorsements that are typically  
9 contained in those policies. A policy or policies of insurance  
10 maintained pursuant to this subparagraph may be subject to a  
11 deductible or self-insured retention.

12 Upon the dissolution and winding up of the partnership, the  
13 partnership shall, with respect to any insurance policy or policies  
14 then maintained pursuant to this subparagraph, maintain or obtain  
15 an extended reporting period endorsement or equivalent provision  
16 in the maximum total aggregate limit of liability required to comply  
17 with this subparagraph for a minimum of three years if reasonably  
18 available from the insurer.

19 (B) Maintaining in trust or bank escrow, cash, bank certificates  
20 of deposit, United States Treasury obligations, bank letters of  
21 credit, or bonds of insurance or surety companies as security for  
22 payment of liabilities imposed by law for damages arising out of  
23 all claims; however, the maximum amount of security for  
24 partnerships with five or fewer licensees rendering professional  
25 services on behalf of the partnership shall not be less than two  
26 million dollars (\$2,000,000), and for partnerships with more than  
27 five licensees rendering professional services on behalf of the  
28 partnership, an additional one hundred thousand dollars (\$100,000)  
29 of security shall be obtained for each additional licensee; however,  
30 the maximum amount of security is not required to exceed five  
31 million dollars (\$5,000,000). The partnership remains in  
32 compliance with this section during a calendar year,  
33 notwithstanding amounts paid during that calendar year from the  
34 accounts, funds, Treasury obligations, letters of credit, or bonds  
35 in defending, settling, or discharging claims of the type described  
36 in this paragraph, provided that the amount of those accounts,  
37 funds, Treasury obligations, letters of credit, or bonds was at least  
38 the amount specified in the preceding sentence as of the first  
39 business day of that calendar year. Notwithstanding the pendency  
40 of other claims against the partnership, a registered limited liability

1 partnership or foreign limited liability partnership shall be deemed  
2 to be in compliance with this subparagraph as to a claim if, within  
3 30 days after the time that a claim is initially asserted through  
4 service of a summons, complaint, or comparable pleading in a  
5 judicial or administrative proceeding, the partnership has provided  
6 the required amount of security by designating and segregating  
7 funds in compliance with the requirements of this subparagraph.

8 (C) Unless the partnership has satisfied subparagraph (D), each  
9 partner of a registered limited liability partnership or foreign  
10 limited liability partnership providing engineering services or land  
11 surveying services, by virtue of that person's status as a partner,  
12 thereby automatically guarantees payment of the difference  
13 between the maximum amount of security required for the  
14 partnership by this paragraph and the security otherwise provided  
15 in accordance with subparagraphs (A) and (B), provided that the  
16 aggregate amount paid by all partners under these guarantees shall  
17 not exceed the difference. Neither withdrawal by a partner nor the  
18 dissolution and winding up of the partnership shall affect the rights  
19 or obligations of a partner arising prior to withdrawal or dissolution  
20 and winding up, and the guarantee provided for in this  
21 subparagraph shall apply only to conduct that occurred prior to  
22 the withdrawal or dissolution and winding up. Nothing contained  
23 in this subparagraph shall affect or impair the rights or obligations  
24 of the partners among themselves, or the partnership, including,  
25 but not limited to, rights of contribution, subrogation, or  
26 indemnification.

27 (D) Confirming, pursuant to the procedure in subdivision (c),  
28 that, as of the most recently completed fiscal year of the  
29 partnership, it had a net worth equal to or exceeding ten million  
30 dollars (\$10,000,000).

31 (b) For purposes of satisfying the security requirements of this  
32 section, a registered limited liability partnership or foreign limited  
33 liability partnership may aggregate the security provided by it  
34 pursuant to subparagraphs (A), (B), (C), and (D) of paragraph (1)  
35 of subdivision (a), subparagraphs (A), (B), (C), and (D) of  
36 paragraph (2) of subdivision (a), subparagraphs (A), (B), (C), and  
37 (D) of paragraph (3) of subdivision (a), or subparagraphs (A), (B),  
38 (C), and (D) of paragraph (4) of subdivision (a), as the case may  
39 be. Any registered limited liability partnership or foreign limited  
40 liability partnership intending to comply with the alternative

1 security provisions set forth in subparagraph (D) of paragraph (1)  
2 of subdivision (a), subparagraph (D) of paragraph (2) of subdivision  
3 (a), subparagraph (D) of paragraph (3) of subdivision (a), or  
4 subparagraph (D) of paragraph (4) of subdivision (a), shall furnish  
5 the following information to the Secretary of State’s office, in the  
6 manner prescribed in, and accompanied by all information required  
7 by, the applicable section:

8  
9           TRANSMITTAL FORM FOR EVIDENCING COMPLIANCE  
10           WITH SECTION 16956(a)(1)(D), SECTION 16956(a)(2)(D),  
11           SECTION 16956(a)(3)(D), OR SECTION 16956(a)(4)(D) OF THE  
12           CALIFORNIA CORPORATIONS CODE

13  
14       The undersigned hereby confirms the following:

- 15   1. \_\_\_\_\_  
16       Name of registered or foreign limited liability partnership
- 17   2. \_\_\_\_\_  
18       Jurisdiction where partnership is organized
- 19   3. \_\_\_\_\_  
20       Address of principal office
- 21   4. The registered or foreign limited liability partnership chooses  
22       to satisfy the requirements of Section 16956 by confirming,  
23       pursuant to Section 16956(a)(1)(D), 16956(a)(2)(D),  
24       16956(a)(3)(D), or 16956 (a)(4)(D) and pursuant to Section 16956(c),  
25       that, as of the most recently completed fiscal year, the partnership had  
26       a net worth equal to or exceeding ten million dollars  
27       (\$10,000,000), in the case of a partnership providing  
28       accountancy services, fifteen million dollars (\$15,000,000)  
29       in the case of a partnership providing legal services, or  
30       ten million dollars (\$10,000,000), in the case of a partnership  
31       providing architectural services, engineering services, or land surveying  
32       services.
- 33   5. \_\_\_\_\_  
34       Title of authorized person executing this form
- 35   6. \_\_\_\_\_  
36       Signature of authorized person executing this form

37  
38       (c) Pursuant to subparagraph (D) of paragraph (1) of subdivision  
39       (a), subparagraph (D) of paragraph (2) of subdivision (a),  
40       subparagraph (D) of paragraph (3) of subdivision (a), or

1 subparagraph (D) of paragraph (4) of subdivision (a), a registered  
2 limited liability partnership or foreign limited liability partnership  
3 may satisfy the requirements of this section by confirming that, as  
4 of the last day of its most recently completed fiscal year, it had a  
5 net worth equal to or exceeding the amount required. In order to  
6 comply with this alternative method of meeting the requirements  
7 established in this section, a registered limited liability partnership  
8 or foreign limited liability partnership shall file an annual  
9 confirmation with the Secretary of State's office, signed by an  
10 authorized member of the registered limited liability partnership  
11 or foreign limited liability partnership, accompanied by a  
12 transmittal form as prescribed by subdivision (b). In order to be  
13 current in a given year, the partnership form for confirming  
14 compliance with the optional security requirement shall be on file  
15 within four months of the completion of the fiscal year and, upon  
16 being filed, shall constitute full compliance with the financial  
17 security requirements for purposes of this section as of the  
18 beginning of the fiscal year. A confirmation filed during any  
19 particular fiscal year shall continue to be effective for the first four  
20 months of the next succeeding fiscal year.

21 (d) Neither the existence of the requirements of subdivision (a)  
22 nor the extent of the registered limited liability partnership's or  
23 foreign limited liability partnership's compliance with the  
24 alternative requirements in this section shall be admissible in court  
25 or in any way be made known to a jury or other trier of fact in  
26 determining an issue of liability for, or to the extent of, the damages  
27 in question.

28 (e) Notwithstanding any other provision of this section, if a  
29 registered limited liability partnership or foreign limited liability  
30 partnership is otherwise in compliance with the terms of this section  
31 at the time that a bankruptcy or other insolvency proceeding is  
32 commenced with respect to the registered limited liability  
33 partnership or foreign limited liability partnership, it shall be  
34 deemed to be in compliance with this section during the pendency  
35 of the proceeding. A registered limited liability partnership that  
36 has been the subject of a proceeding and that conducts business  
37 after the proceeding ends shall thereafter comply with paragraph  
38 (1), (2), (3), or (4) of subdivision (a), in order to obtain the  
39 limitations on liability afforded by subdivision (c) of Section  
40 16306.

1 ~~(f) This section shall remain in effect only until January 1, 2016,~~  
2 ~~and as of that date is repealed, unless a later enacted statute, that~~  
3 ~~is enacted before January 1, 2016, deletes or extends that date.~~

4 SEC. 8. Section 16956 of the Corporations Code, as added by  
5 Section 8 of Chapter 634 of the Statutes of 2010, is repealed.

6 ~~16956. (a) At the time of registration pursuant to Section~~  
7 ~~16953, in the case of a registered limited liability partnership, and~~  
8 ~~Section 16959, in the case of a foreign limited liability partnership,~~  
9 ~~and at all times during which those partnerships shall transact~~  
10 ~~intrastate business, every registered limited liability partnership~~  
11 ~~and foreign limited liability partnership, as the case may be, shall~~  
12 ~~be required to provide security for claims against it as follows:~~

13 ~~(1) For claims based upon acts, errors, or omissions arising out~~  
14 ~~of the practice of public accountancy, a registered limited liability~~  
15 ~~partnership or foreign limited liability partnership providing~~  
16 ~~accountancy services shall comply with one, or pursuant to~~  
17 ~~subdivision (b) some combination, of the following:~~

18 ~~(A) Maintaining a policy or policies of insurance against liability~~  
19 ~~imposed on or against it by law for damages arising out of claims;~~  
20 ~~however, the total aggregate limit of liability under the policy or~~  
21 ~~policies of insurance for partnerships with five or fewer licensed~~  
22 ~~persons shall not be less than one million dollars (\$1,000,000),~~  
23 ~~and for partnerships with more than five licensees rendering~~  
24 ~~professional services on behalf of the partnership, an additional~~  
25 ~~one hundred thousand dollars (\$100,000) of insurance shall be~~  
26 ~~obtained for each additional licensee; however, the maximum~~  
27 ~~amount of insurance is not required to exceed five million dollars~~  
28 ~~(\$5,000,000) in any one designated period, less amounts paid in~~  
29 ~~defending, settling, or discharging claims as set forth in this~~  
30 ~~subparagraph. The policy or policies may be issued on a~~  
31 ~~claims-made or occurrence basis, and shall cover: (i) in the case~~  
32 ~~of a claims-made policy, claims initially asserted in the designated~~  
33 ~~period, and (ii) in the case of an occurrence policy, occurrences~~  
34 ~~during the designated period. For purposes of this subparagraph,~~  
35 ~~“designated period” means a policy year or any other period~~  
36 ~~designated in the policy that is not greater than 12 months. The~~  
37 ~~impairment or exhaustion of the aggregate limit of liability by~~  
38 ~~amounts paid under the policy in connection with the settlement,~~  
39 ~~discharge, or defense of claims applicable to a designated period~~  
40 ~~shall not require the partnership to acquire additional insurance~~

1 coverage for that designated period. The policy or policies of  
2 insurance may be in a form reasonably available in the commercial  
3 insurance market and may be subject to those terms, conditions,  
4 exclusions, and endorsements that are typically contained in those  
5 policies. A policy or policies of insurance maintained pursuant to  
6 this subparagraph may be subject to a deductible or self-insured  
7 retention.

8 Upon the dissolution and winding up of the partnership, the  
9 partnership shall, with respect to any insurance policy or policies  
10 then maintained pursuant to this subparagraph, maintain or obtain  
11 an extended reporting period endorsement or equivalent provision  
12 in the maximum total aggregate limit of liability required to comply  
13 with this subparagraph for a minimum of three years if reasonably  
14 available from the insurer.

15 (B) Maintaining in trust or bank escrow, cash, bank certificates  
16 of deposit, United States Treasury obligations, bank letters of  
17 credit, or bonds of insurance or surety companies as security for  
18 payment of liabilities imposed by law for damages arising out of  
19 all claims; however, the maximum amount of security for  
20 partnerships with five or fewer licensed persons shall not be less  
21 than one million dollars (\$1,000,000), and for partnerships with  
22 more than five licensees rendering professional services on behalf  
23 of the partnership, an additional one hundred thousand dollars  
24 (\$100,000) of security shall be obtained for each additional  
25 licensee; however, the maximum amount of security is not required  
26 to exceed five million dollars (\$5,000,000). The partnership  
27 remains in compliance with this section during a calendar year  
28 notwithstanding amounts paid during that calendar year from the  
29 accounts, funds, Treasury obligations, letters of credit, or bonds  
30 in defending, settling, or discharging claims of the type described  
31 in this paragraph, provided that the amount of those accounts,  
32 funds, Treasury obligations, letters of credit, or bonds was at least  
33 the amount specified in the preceding sentence as of the first  
34 business day of that calendar year. Notwithstanding the pendency  
35 of other claims against the partnership, a registered limited liability  
36 partnership or foreign limited liability partnership shall be deemed  
37 to be in compliance with this subparagraph as to a claim if within  
38 30 days after the time that a claim is initially asserted through  
39 service of a summons, complaint, or comparable pleading in a  
40 judicial or administrative proceeding, the partnership has provided

1 the required amount of security by designating and segregating  
2 funds in compliance with the requirements of this subparagraph.

3 (C) ~~Unless the partnership has satisfied subparagraph (D), each~~  
4 ~~partner of a registered limited liability partnership or foreign~~  
5 ~~limited liability partnership providing accountancy services, by~~  
6 ~~virtue of that person's status as a partner, thereby automatically~~  
7 ~~guarantees payment of the difference between the maximum~~  
8 ~~amount of security required for the partnership by this paragraph~~  
9 ~~and the security otherwise provided in accordance with~~  
10 ~~subparagraphs (A) and (B), provided that the aggregate amount~~  
11 ~~paid by all partners under these guarantees shall not exceed the~~  
12 ~~difference. Neither withdrawal by a partner nor the dissolution and~~  
13 ~~winding up of the partnership shall affect the rights or obligations~~  
14 ~~of a partner arising prior to withdrawal or dissolution and winding~~  
15 ~~up, and the guarantee provided for in this subparagraph shall apply~~  
16 ~~only to conduct that occurred prior to the withdrawal or dissolution~~  
17 ~~and winding up. Nothing contained in this subparagraph shall~~  
18 ~~affect or impair the rights or obligations of the partners among~~  
19 ~~themselves, or the partnership, including, but not limited to, rights~~  
20 ~~of contribution, subrogation, or indemnification.~~

21 (D) ~~Confirming, pursuant to the procedure in subdivision (c),~~  
22 ~~that, as of the most recently completed fiscal year of the~~  
23 ~~partnership, it had a net worth equal to or exceeding ten million~~  
24 ~~dollars (\$10,000,000).~~

25 (2) ~~For claims based upon acts, errors, or omissions arising out~~  
26 ~~of the practice of law, a registered limited liability partnership or~~  
27 ~~foreign limited liability partnership providing legal services shall~~  
28 ~~comply with one, or pursuant to subdivision (b) some combination,~~  
29 ~~of the following:~~

30 (A) ~~Each registered limited liability partnership or foreign~~  
31 ~~limited liability partnership providing legal services shall maintain~~  
32 ~~a policy or policies of insurance against liability imposed on or~~  
33 ~~against it by law for damages arising out of claims; however, the~~  
34 ~~total aggregate limit of liability under the policy or policies of~~  
35 ~~insurance for partnerships with five or fewer licensed persons shall~~  
36 ~~not be less than one million dollars (\$1,000,000), and for~~  
37 ~~partnerships with more than five licensees rendering professional~~  
38 ~~services on behalf of the partnership, an additional one hundred~~  
39 ~~thousand dollars (\$100,000) of insurance shall be obtained for~~  
40 ~~each additional licensee; however, the maximum amount of~~

1 insurance is not required to exceed seven million five hundred  
2 thousand dollars (\$7,500,000) in any one designated period, less  
3 amounts paid in defending, settling, or discharging claims as set  
4 forth in this subparagraph. The policy or policies may be issued  
5 on a claims-made or occurrence basis, and shall cover (i) in the  
6 case of a claims-made policy, claims initially asserted in the  
7 designated period, and (ii) in the case of an occurrence policy,  
8 occurrences during the designated period. For purposes of this  
9 subparagraph, “designated period” means a policy year or any  
10 other period designated in the policy that is not greater than 12  
11 months. The impairment or exhaustion of the aggregate limit of  
12 liability by amounts paid under the policy in connection with the  
13 settlement, discharge, or defense of claims applicable to a  
14 designated period shall not require the partnership to acquire  
15 additional insurance coverage for that designated period. The policy  
16 or policies of insurance may be in a form reasonably available in  
17 the commercial insurance market and may be subject to those  
18 terms, conditions, exclusions, and endorsements that are typically  
19 contained in those policies. A policy or policies of insurance  
20 maintained pursuant to this subparagraph may be subject to a  
21 deductible or self-insured retention.

22 Upon the dissolution and winding up of the partnership, the  
23 partnership shall, with respect to any insurance policy or policies  
24 then maintained pursuant to this subparagraph, maintain or obtain  
25 an extended reporting period endorsement or equivalent provision  
26 in the maximum total aggregate limit of liability required to comply  
27 with this subparagraph for a minimum of three years if reasonably  
28 available from the insurer.

29 (B) Each registered limited liability partnership or foreign  
30 limited liability partnership providing legal services shall maintain  
31 in trust or bank escrow, cash, bank certificates of deposit, United  
32 States Treasury obligations, bank letters of credit, or bonds of  
33 insurance or surety companies as security for payment of liabilities  
34 imposed by law for damages arising out of all claims; however,  
35 the maximum amount of security for partnerships with five or  
36 fewer licensed persons shall not be less than one million dollars  
37 (\$1,000,000), and for partnerships with more than five licensees  
38 rendering professional services on behalf of the partnership, an  
39 additional one hundred thousand dollars (\$100,000) of security  
40 shall be obtained for each additional licensee; however, the

1 maximum amount of security is not required to exceed seven  
2 million five hundred thousand dollars (\$7,500,000). The partnership  
3 remains in compliance with this section during a calendar year  
4 notwithstanding amounts paid during that calendar year from the  
5 accounts, funds, Treasury obligations, letters of credit, or bonds  
6 in defending, settling, or discharging claims of the type described  
7 in this paragraph, provided that the amount of those accounts,  
8 funds, Treasury obligations, letters of credit, or bonds was at least  
9 the amount specified in the preceding sentence as of the first  
10 business day of that calendar year. Notwithstanding the pendency  
11 of other claims against the partnership, a registered limited liability  
12 partnership or foreign limited liability partnership shall be deemed  
13 to be in compliance with this subparagraph as to a claim if within  
14 30 days after the time that a claim is initially asserted through  
15 service of a summons, complaint, or comparable pleading in a  
16 judicial or administrative proceeding, the partnership has provided  
17 the required amount of security by designating and segregating  
18 funds in compliance with the requirement of this subparagraph.

19 (C) Unless the partnership has satisfied the requirements of  
20 subparagraph (D), each partner of a registered limited liability  
21 partnership or foreign limited liability partnership providing legal  
22 services, by virtue of that person's status as a partner, thereby  
23 automatically guarantees payment of the difference between the  
24 maximum amount of security required for the partnership by this  
25 paragraph and the security otherwise provided in accordance with  
26 the provisions of subparagraphs (A) and (B), provided that the  
27 aggregate amount paid by all partners under these guarantees shall  
28 not exceed the difference. Neither withdrawal by a partner nor the  
29 dissolution and winding up of the partnership shall affect the rights  
30 or obligations of a partner arising prior to withdrawal or dissolution  
31 and winding up, and the guarantee provided for in this  
32 subparagraph shall apply only to conduct that occurred prior to  
33 the withdrawal or dissolution and winding up. Nothing contained  
34 in this subparagraph shall affect or impair the rights or obligations  
35 of the partners among themselves, or the partnership, including,  
36 but not limited to, rights of contribution, subrogation, or  
37 indemnification.

38 (D) Confirming, pursuant to the procedure in subdivision (c),  
39 that, as of the most recently completed fiscal year of the

1 partnership, it had a net worth equal to or exceeding fifteen million  
2 dollars (\$15,000,000).

3 ~~(3) For claims based upon acts, errors, or omissions arising out  
4 of the practice of architecture, a registered limited liability  
5 partnership or foreign limited liability partnership providing  
6 architectural services shall comply with one, or pursuant to  
7 subdivision (b) some combination, of the following:~~

8 ~~(A) Maintaining a policy or policies of insurance against liability  
9 imposed on or against it by law for damages arising out of claims  
10 in an amount for each claim of at least one hundred thousand  
11 dollars (\$100,000) multiplied by the number of licensed persons  
12 rendering professional services on behalf of the partnership;  
13 however, the total aggregate limit of liability under the policy or  
14 policies of insurance for partnerships with five or fewer licensees  
15 rendering professional services on behalf of the partnership shall  
16 not be less than five hundred thousand dollars (\$500,000), and for  
17 all other partnerships is not required to exceed five million dollars  
18 (\$5,000,000) in any one designated period, less amounts paid in  
19 defending, settling, or discharging claims as set forth in this  
20 subparagraph. On and after January 1, 2008, the total aggregate  
21 limit of liability under the policy or policies of insurance for  
22 partnerships with five or fewer licensees rendering professional  
23 services on behalf of the partnership shall not be less than one  
24 million dollars (\$1,000,000), and for partnerships with more than  
25 five licensees rendering professional services on behalf of the  
26 partnership, an additional one hundred thousand dollars (\$100,000)  
27 of liability coverage shall be obtained for each additional licensee;  
28 however, the total aggregate limit of liability under the policy or  
29 policies of insurance is not required to exceed five million dollars  
30 (\$5,000,000). The policy or policies may be issued on a  
31 claims-made or occurrence basis, and shall cover: (i) in the case  
32 of a claims-made policy, claims initially asserted in the designated  
33 period, and (ii) in the case of an occurrence policy, occurrences  
34 during the designated period. For purposes of this subparagraph,  
35 “designated period” means a policy year or any other period  
36 designated in the policy that is not greater than 12 months. The  
37 impairment or exhaustion of the aggregate limit of liability by  
38 amounts paid under the policy in connection with the settlement,  
39 discharge, or defense of claims applicable to a designated period  
40 shall not require the partnership to acquire additional insurance~~

1 coverage for that designated period. The policy or policies of  
2 insurance may be in a form reasonably available in the commercial  
3 insurance market and may be subject to those terms, conditions,  
4 exclusions, and endorsements that are typically contained in those  
5 policies. A policy or policies of insurance maintained pursuant to  
6 this subparagraph may be subject to a deductible or self-insured  
7 retention.

8 Upon the dissolution and winding up of the partnership, the  
9 partnership shall, with respect to any insurance policy or policies  
10 then maintained pursuant to this subparagraph, maintain or obtain  
11 an extended reporting period endorsement or equivalent provision  
12 in the maximum total aggregate limit of liability required to comply  
13 with this subparagraph for a minimum of three years if reasonably  
14 available from the insurer.

15 (B) Maintaining in trust or bank escrow, cash, bank certificates  
16 of deposit, United States Treasury obligations, bank letters of  
17 credit, or bonds of insurance or surety companies as security for  
18 payment of liabilities imposed by law for damages arising out of  
19 all claims in an amount of at least one hundred thousand dollars  
20 (\$100,000) multiplied by the number of licensed persons rendering  
21 professional services on behalf of the partnership; however, the  
22 maximum amount of security for partnerships with five or fewer  
23 licensees rendering professional services on behalf of the  
24 partnership shall not be less than five hundred thousand dollars  
25 (\$500,000), and for all other partnerships is not required to exceed  
26 five million dollars (\$5,000,000). On and after January 1, 2008,  
27 the maximum amount of security for partnerships with five or  
28 fewer licensees rendering professional services on behalf of the  
29 partnership shall not be less than one million dollars (\$1,000,000),  
30 and for partnerships with more than five licensees rendering  
31 professional services on behalf of the partnership, an additional  
32 one hundred thousand dollars (\$100,000) of security shall be  
33 obtained for each additional licensee; however, the maximum  
34 amount of security is not required to exceed five million dollars  
35 (\$5,000,000). The partnership remains in compliance with this  
36 section during a calendar year notwithstanding amounts paid during  
37 that calendar year from the accounts, funds, Treasury obligations,  
38 letters of credit, or bonds in defending, settling, or discharging  
39 claims of the type described in this paragraph, provided that the  
40 amount of those accounts, funds, Treasury obligations, letters of

1 credit, or bonds was at least the amount specified in the preceding  
2 sentence as of the first business day of that calendar year.  
3 Notwithstanding the pendency of other claims against the  
4 partnership, a registered limited liability partnership or foreign  
5 limited liability partnership shall be deemed to be in compliance  
6 with this subparagraph as to a claim if within 30 days after the  
7 time that a claim is initially asserted through service of a summons,  
8 complaint, or comparable pleading in a judicial or administrative  
9 proceeding, the partnership has provided the required amount of  
10 security by designating and segregating funds in compliance with  
11 the requirements of this subparagraph.

12 (C) ~~Unless the partnership has satisfied subparagraph (D), each~~  
13 ~~partner of a registered limited liability partnership or foreign~~  
14 ~~limited liability partnership providing architectural services, by~~  
15 ~~virtue of that person's status as a partner, thereby automatically~~  
16 ~~guarantees payment of the difference between the maximum~~  
17 ~~amount of security required for the partnership by this paragraph~~  
18 ~~and the security otherwise provided in accordance with~~  
19 ~~subparagraphs (A) and (B), provided that the aggregate amount~~  
20 ~~paid by all partners under these guarantees shall not exceed the~~  
21 ~~difference. Neither withdrawal by a partner nor the dissolution and~~  
22 ~~winding up of the partnership shall affect the rights or obligations~~  
23 ~~of a partner arising prior to withdrawal or dissolution and winding~~  
24 ~~up, and the guarantee provided for in this subparagraph shall apply~~  
25 ~~only to conduct that occurred prior to the withdrawal or dissolution~~  
26 ~~and winding up. Nothing contained in this subparagraph shall~~  
27 ~~affect or impair the rights or obligations of the partners among~~  
28 ~~themselves, or the partnership, including, but not limited to, rights~~  
29 ~~of contribution, subrogation, or indemnification.~~

30 (D) ~~Confirming, pursuant to the procedure in subdivision (e),~~  
31 ~~that, as of the most recently completed fiscal year of the~~  
32 ~~partnership, it had a net worth equal to or exceeding ten million~~  
33 ~~dollars (\$10,000,000).~~

34 (b) ~~For purposes of satisfying the security requirements of this~~  
35 ~~section, a registered limited liability partnership or foreign limited~~  
36 ~~liability partnership may aggregate the security provided by it~~  
37 ~~pursuant to subparagraphs (A), (B), (C), and (D) of paragraph (1)~~  
38 ~~of subdivision (a), subparagraphs (A), (B), (C), and (D) of~~  
39 ~~paragraph (2) of subdivision (a), or subparagraphs (A), (B), (C),~~  
40 ~~and (D) of paragraph (3) of subdivision (a), as the case may be.~~

1 Any registered limited liability partnership or foreign limited  
 2 liability partnership intending to comply with the alternative  
 3 security provisions set forth in subparagraph (D) of paragraph (1)  
 4 of subdivision (a), subparagraph (D) of paragraph (2) of subdivision  
 5 (a), or subparagraph (D) of paragraph (3) of subdivision (a) shall  
 6 furnish the following information to the Secretary of State's office,  
 7 in the manner prescribed in, and accompanied by all information  
 8 required by, the applicable section:

9

10                   TRANSMITTAL FORM FOR EVIDENCING COMPLIANCE  
 11                   WITH SECTION 16956(a)(1)(D), SECTION 16956(a)(2)(D), OR  
 12                   SECTION 16956(a)(3)(D) OF THE CALIFORNIA  
 13                   CORPORATIONS CODE

14

15           The undersigned hereby confirms the following:

16

16   1.   - \_\_\_\_\_ -

17

17           Name of registered or foreign limited liability partnership

18

18   2.   - \_\_\_\_\_ -

19

19           Jurisdiction where partnership is organized

20

20   3.   - \_\_\_\_\_ -

21

21           Address of principal office

22

22   4.   The registered or foreign limited liability partnership chooses  
 23       to satisfy the requirements of Section 16956 by confirming,  
 24       pursuant to Section 16956(a)(1)(D), 16956(a)(2)(D), or  
 25       16956(a)(3)(D) and pursuant to Section 16956(e), that, as of  
 26       the most recently completed fiscal year, the partnership had  
 27       a net worth equal to or exceeding ten million dollars  
 28       (\$10,000,000), in the case of a partnership providing  
 29       accountancy services, fifteen million dollars (\$15,000,000)  
 30       in the case of a partnership providing legal services, or  
 31       ten million dollars (\$10,000,000), in the case of a partnership  
 32       providing architectural services.

23

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33

33   5.   - \_\_\_\_\_ -

34

34           Title of authorized person executing this form

35

35   6.   - \_\_\_\_\_ -

36

36           Signature of authorized person executing this form

37

38

39

40

(e) Pursuant to subparagraph (D) of paragraph (1) of subdivision  
 (a), subparagraph (D) of paragraph (2) of subdivision (a), or  
 subparagraph (D) of paragraph (3) of subdivision (a), a registered

1 limited liability partnership or foreign limited liability partnership  
2 may satisfy the requirements of this section by confirming that, as  
3 of the last day of its most recently completed fiscal year, it had a  
4 net worth equal to or exceeding the amount required. In order to  
5 comply with this alternative method of meeting the requirements  
6 established in this section, a registered limited liability partnership  
7 or foreign limited liability partnership shall file an annual  
8 confirmation with the Secretary of State's office, signed by an  
9 authorized member of the registered limited liability partnership  
10 or foreign limited liability partnership, accompanied by a  
11 transmittal form as prescribed by subdivision (b). In order to be  
12 current in a given year, the partnership form for confirming  
13 compliance with the optional security requirement shall be on file  
14 within four months of the completion of the fiscal year and, upon  
15 being filed, shall constitute full compliance with the financial  
16 security requirements for purposes of this section as of the  
17 beginning of the fiscal year. A confirmation filed during any  
18 particular fiscal year shall continue to be effective for the first four  
19 months of the next succeeding fiscal year.

20 (d) ~~Neither the existence of the requirements of subdivision (a)~~  
21 ~~nor the extent of the registered limited liability partnership's or~~  
22 ~~foreign limited liability partnership's compliance with the~~  
23 ~~alternative requirements in this section shall be admissible in court~~  
24 ~~or in any way be made known to a jury or other trier of fact in~~  
25 ~~determining an issue of liability for, or to the extent of, the damages~~  
26 ~~in question.~~

27 (e) ~~Notwithstanding any other provision of this section, if a~~  
28 ~~registered limited liability partnership or foreign limited liability~~  
29 ~~partnership is otherwise in compliance with the terms of this section~~  
30 ~~at the time that a bankruptcy or other insolvency proceeding is~~  
31 ~~commenced with respect to the registered limited liability~~  
32 ~~partnership or foreign limited liability partnership, it shall be~~  
33 ~~deemed to be in compliance with this section during the pendency~~  
34 ~~of the proceeding. A registered limited liability partnership that~~  
35 ~~has been the subject of a proceeding and that conducts business~~  
36 ~~after the proceeding ends shall thereafter comply with paragraph~~  
37 ~~(1), (2), or (3) of subdivision (a), in order to obtain the limitations~~  
38 ~~on liability afforded by subdivision (e) of Section 16306.~~

39 (f) ~~This section shall become operative on January 1, 2016.~~

1 SEC. 9. Section 16959 of the Corporations Code, as mended  
2 by Section 35 of Chapter 834 of the Statutes of 2014, is amended  
3 to read:

4 16959. (a) (1) Before transacting intrastate business in this  
5 state, a foreign limited liability partnership shall comply with all  
6 statutory and administrative registration or filing requirements of  
7 the state board, commission, or agency that prescribes the rules  
8 and regulations governing a particular profession in which the  
9 partnership proposes to be engaged, pursuant to the applicable  
10 provisions of the Business and Professions Code relating to the  
11 profession or applicable rules adopted by the governing board. A  
12 foreign limited liability partnership that transacts intrastate business  
13 in this state shall within 30 days after the effective date of the act  
14 enacting this section or the date on which the foreign limited  
15 liability partnership first transacts intrastate business in this state,  
16 whichever is later, register with the Secretary of State by submitting  
17 to the Secretary of State an application for registration as a foreign  
18 limited liability partnership, signed by a person with authority to  
19 do so under the laws of the jurisdiction of formation of the foreign  
20 limited liability partnership, stating the name of the partnership,  
21 the street address of its principal office, the mailing address of the  
22 principal office if different from the street address, the name and  
23 street address of its agent for service of process in this state in  
24 accordance with subdivision (a) of Section 16309, a brief statement  
25 of the business in which the partnership engages, and any other  
26 matters that the partnership determines to include.

27 (2) Annexed to the application for registration shall be a  
28 certificate from an authorized public official of the foreign limited  
29 liability partnership's jurisdiction of organization to the effect that  
30 the foreign limited liability partnership is in good standing in that  
31 jurisdiction, if the laws of that jurisdiction permit the issuance of  
32 those certificates, or, in the alternative, a statement by the foreign  
33 limited liability partnership that the laws of its jurisdiction of  
34 organization do not permit the issuance of those certificates.

35 (b) The registration shall be accompanied by a fee as set forth  
36 in subdivision (b) of Section 12189 of the Government Code.

37 (c) If the Secretary of State finds that an application for  
38 registration conforms to law and all requisite fees have been paid,  
39 the Secretary of State shall issue a certificate of registration to  
40 transact intrastate business in this state.

1 (d) The Secretary of State may cancel the filing of the  
2 registration if a check or other remittance accepted in payment of  
3 the filing fee is not paid upon presentation. Upon receiving written  
4 notification that the item presented for payment has not been  
5 honored for payment, the Secretary of State shall give a first written  
6 notice of the applicability of this section to the agent for service  
7 of process or to the person submitting the instrument. Thereafter,  
8 if the amount has not been paid by cashier's check or equivalent,  
9 the Secretary of State shall give a second written notice of  
10 cancellation and the cancellation shall thereupon be effective. The  
11 second notice shall be given 20 days or more after the first notice  
12 and 90 days or less after the original filing.

13 (e) A partnership becomes registered as a foreign limited liability  
14 partnership at the time of the filing of the initial registration with  
15 the Secretary of State or at any later date or time specified in the  
16 registration and the payment of the fee required by subdivision  
17 (b). A partnership continues to be registered as a foreign limited  
18 liability partnership until a notice that it is no longer so registered  
19 as a foreign limited liability partnership has been filed pursuant to  
20 Section 16960 or, if applicable, once it has been dissolved and  
21 finally wound up. The status of a partnership registered as a foreign  
22 limited liability partnership and the liability of a partner of that  
23 foreign limited liability partnership shall not be adversely affected  
24 by errors or subsequent changes in the information stated in an  
25 application for registration under subdivision (a) or an amended  
26 registration or notice under Section 16960.

27 (f) The fact that a registration or amended registration pursuant  
28 to Section 16960 is on file with the Secretary of State is notice that  
29 the partnership is a foreign limited liability partnership and of those  
30 other facts contained therein that are required to be set forth in the  
31 registration or amended registration.

32 (g) The Secretary of State shall provide a form for a registration  
33 under subdivision (a), which shall include the form for confirming  
34 compliance with the optional security requirement pursuant to  
35 subdivision (c) of Section 16956. The Secretary of State shall  
36 include with instructional materials, provided in conjunction with  
37 the form for registration under subdivision (a), a notice that filing  
38 the registration will obligate the limited liability partnership to pay  
39 an annual tax for that taxable year to the Franchise Tax Board  
40 pursuant to Section 17948 of the Revenue and Taxation Code.

1 That notice shall be updated annually to specify the dollar amount  
2 of this tax.

3 (h) A foreign limited liability partnership transacting intrastate  
4 business in this state shall not maintain any action, suit, or  
5 proceeding in any court of this state until it has registered in this  
6 state pursuant to this section.

7 (i) Any foreign limited liability partnership that transacts  
8 intrastate business in this state without registration is subject to a  
9 penalty of twenty dollars (\$20) for each day that unauthorized  
10 intrastate business is transacted, up to a maximum of ten thousand  
11 dollars (\$10,000).

12 (j) A partner of a foreign limited liability partnership is not liable  
13 for the debts or obligations of the foreign limited liability  
14 partnership solely by reason of its having transacted business in  
15 this state without registration.

16 (k) A foreign limited liability partnership, transacting business  
17 in this state without registration, appoints the Secretary of State  
18 as its agent for service of process with respect to causes of action  
19 arising out of the transaction of business in this state.

20 (l) “Transact intrastate business” as used in this section means  
21 to repeatedly and successively provide professional limited liability  
22 partnership services in this state, other than in interstate or foreign  
23 commerce.

24 (m) Without excluding other activities that may not be  
25 considered to be transacting intrastate business, a foreign limited  
26 liability partnership shall not be considered to be transacting  
27 intrastate business merely because its subsidiary or affiliate  
28 transacts intrastate business, or merely because of its status as any  
29 one or more of the following:

30 (1) A shareholder of a domestic corporation.

31 (2) A shareholder of a foreign corporation transacting intrastate  
32 business.

33 (3) A limited partner of a foreign limited partnership transacting  
34 intrastate business.

35 (4) A limited partner of a domestic limited partnership.

36 (5) A member or manager of a foreign limited liability company  
37 transacting intrastate business.

38 (6) A member or manager of a domestic limited liability  
39 company.

1 (n) Without excluding other activities that may not be considered  
2 to be transacting intrastate business, a foreign limited liability  
3 partnership shall not be considered to be transacting intrastate  
4 business within the meaning of this subdivision solely by reason  
5 of carrying on in this state any one or more of the following  
6 activities:

7 (1) Maintaining or defending any action or suit or any  
8 administrative or arbitration proceeding, or effecting the settlement  
9 thereof or the settlement of claims or disputes.

10 (2) Holding meetings of its partners or carrying on any other  
11 activities concerning its internal affairs.

12 (3) Maintaining bank accounts.

13 (4) Maintaining offices or agencies for the transfer, exchange,  
14 and registration of the foreign limited liability partnership's  
15 securities or maintaining trustees or depositories with respect to  
16 those securities.

17 (5) Effecting sales through independent contractors.

18 (6) Soliciting or procuring orders, whether by mail or through  
19 employees or agents or otherwise, where those orders require  
20 acceptance without this state before becoming binding contracts.

21 (7) Creating or acquiring evidences of debt or mortgages, liens,  
22 or security interest in real or personal property.

23 (8) Securing or collecting debts or enforcing mortgages and  
24 security interests in property securing the debts.

25 (9) Conducting an isolated transaction that is completed within  
26 180 days and not in the course of a number of repeated transactions  
27 of a like nature.

28 (o) A person shall not be deemed to be transacting intrastate  
29 business in this state merely because of its status as a partner of a  
30 registered limited liability partnership or a foreign limited liability  
31 company whether or not registered to transact intrastate business  
32 in this state.

33 (p) The Attorney General may bring an action to restrain a  
34 foreign limited liability partnership from transacting intrastate  
35 business in this state in violation of this chapter.

36 (q) Nothing in this section is intended to, or shall, augment,  
37 diminish, or otherwise alter existing provisions of law, statutes,  
38 or court rules relating to services by a California architect,  
39 California public accountant, California engineer, California land  
40 surveyor, or California attorney in another jurisdiction, or services

1 by an out-of-state architect, out-of-state public accountant,  
2 out-of-state engineer, out-of-state land surveyor, or out-of-state  
3 attorney in California.

4 (r) An agent designated for service of process may deliver to  
5 the Secretary of State, on a form prescribed by the Secretary of  
6 State for filing, a signed and acknowledged written statement of  
7 resignation as an agent for service of process containing the name  
8 of the foreign limited liability partnership and Secretary of State's  
9 file number of the foreign limited liability partnership, the name  
10 of the resigning agent for service of process, and a statement that  
11 the agent is resigning. On filing of the statement of resignation,  
12 the authority of the agent to act in that capacity shall cease and the  
13 Secretary of State shall mail or otherwise provide written notice  
14 of the filing of the statement of resignation to the foreign limited  
15 liability partnership at its principal office.

16 (s) The resignation of an agent may be effective if, on a form  
17 prescribed by the Secretary of State containing the name of the  
18 foreign limited liability partnership and Secretary of State's file  
19 number for the foreign limited liability partnership and the name  
20 of the agent for service of process, the agent disclaims having been  
21 properly appointed as the agent.

22 (t) If an individual who has been designated agent for service  
23 of process dies or resigns or no longer resides in the state, or if the  
24 corporate agent for that purpose resigns, dissolves, withdraws from  
25 the state, forfeits its right to transact intrastate business, has its  
26 corporate rights, powers, and privileges suspended, or ceases to  
27 exist, the foreign limited liability partnership shall promptly file  
28 an amended application for registration as a foreign limited liability  
29 partnership designating a new agent.

30 (u) The Secretary of State may destroy or otherwise dispose of  
31 any resignation filed pursuant to this section after a new application  
32 for registration as a foreign limited liability partnership is filed  
33 pursuant to this section replacing the agent for service of process  
34 that has resigned.

35 ~~(v) This section shall remain in effect only until January 1, 2016,~~  
36 ~~and as of that date is repealed, unless a later enacted statute, that~~  
37 ~~is enacted before January 1, 2016, deletes or extends that date.~~

38 SEC. 10. Section 16959 of the Corporations Code is repealed.

39 ~~16959. (a) (1) Before transacting intrastate business in this~~  
40 ~~state, a foreign limited liability partnership shall comply with all~~

1 statutory and administrative registration or filing requirements of  
2 the state board, commission, or agency that prescribes the rules  
3 and regulations governing a particular profession in which the  
4 partnership proposes to be engaged, pursuant to the applicable  
5 provisions of the Business and Professions Code relating to the  
6 profession or applicable rules adopted by the governing board. A  
7 foreign limited liability partnership that transacts intrastate business  
8 in this state shall within 30 days after the effective date of the act  
9 enacting this section or the date on which the foreign limited  
10 liability partnership first transacts intrastate business in this state,  
11 whichever is later, register with the Secretary of State by submitting  
12 to the Secretary of State an application for registration as a foreign  
13 limited liability partnership, signed by a person with authority to  
14 do so under the laws of the jurisdiction of formation of the foreign  
15 limited liability partnership, stating the name of the partnership,  
16 the street address of its principal office, the mailing address of the  
17 principal office if different from the street address, the name and  
18 street address of its agent for service of process in this state in  
19 accordance with subdivision (a) of Section 16309, a brief statement  
20 of the business in which the partnership engages, and any other  
21 matters that the partnership determines to include.

22 (2) Annexed to the application for registration shall be a  
23 certificate from an authorized public official of the foreign limited  
24 liability partnership's jurisdiction of organization to the effect that  
25 the foreign limited liability partnership is in good standing in that  
26 jurisdiction, if the laws of that jurisdiction permit the issuance of  
27 those certificates, or, in the alternative, a statement by the foreign  
28 limited liability partnership that the laws of its jurisdiction of  
29 organization do not permit the issuance of those certificates.

30 (b) The registration shall be accompanied by a fee as set forth  
31 in subdivision (b) of Section 12189 of the Government Code.

32 (c) If the Secretary of State finds that an application for  
33 registration conforms to law and all requisite fees have been paid,  
34 the Secretary of State shall issue a certificate of registration to  
35 transact intrastate business in this state.

36 (d) The Secretary of State may cancel the filing of the  
37 registration if a check or other remittance accepted in payment of  
38 the filing fee is not paid upon presentation. Upon receiving written  
39 notification that the item presented for payment has not been  
40 honored for payment, the Secretary of State shall give a first written

1 notice of the applicability of this section to the agent for service  
2 of process or to the person submitting the instrument. Thereafter,  
3 if the amount has not been paid by cashier's check or equivalent,  
4 the Secretary of State shall give a second written notice of  
5 cancellation and the cancellation shall thereupon be effective. The  
6 second notice shall be given 20 days or more after the first notice  
7 and 90 days or less after the original filing.

8 (e) A partnership becomes registered as a foreign limited liability  
9 partnership at the time of the filing of the initial registration with  
10 the Secretary of State or at any later date or time specified in the  
11 registration and the payment of the fee required by subdivision  
12 (b). A partnership continues to be registered as a foreign limited  
13 liability partnership until a notice that it is no longer so registered  
14 as a foreign limited liability partnership has been filed pursuant to  
15 Section 16960 or, if applicable, once it has been dissolved and  
16 finally wound up. The status of a partnership registered as a foreign  
17 limited liability partnership and the liability of a partner of that  
18 foreign limited liability partnership shall not be adversely affected  
19 by errors or subsequent changes in the information stated in an  
20 application for registration under subdivision (a) or an amended  
21 registration or notice under Section 16960.

22 (f) The fact that a registration or amended registration pursuant  
23 to Section 16960 is on file with the Secretary of State is notice that  
24 the partnership is a foreign limited liability partnership and of those  
25 other facts contained therein that are required to be set forth in the  
26 registration or amended registration.

27 (g) The Secretary of State shall provide a form for a registration  
28 under subdivision (a), which shall include the form for confirming  
29 compliance with the optional security requirement pursuant to  
30 subdivision (e) of Section 16956. The Secretary of State shall  
31 include with instructional materials, provided in conjunction with  
32 the form for registration under subdivision (a), a notice that filing  
33 the registration will obligate the limited liability partnership to pay  
34 an annual tax for that taxable year to the Franchise Tax Board  
35 pursuant to Section 17948 of the Revenue and Taxation Code.  
36 That notice shall be updated annually to specify the dollar amount  
37 of this tax.

38 (h) A foreign limited liability partnership transacting intrastate  
39 business in this state shall not maintain any action, suit, or

1 proceeding in any court of this state until it has registered in this  
2 state pursuant to this section.

3 (i) Any foreign limited liability partnership that transacts  
4 intrastate business in this state without registration is subject to a  
5 penalty of twenty dollars (\$20) for each day that unauthorized  
6 intrastate business is transacted, up to a maximum of ten thousand  
7 dollars (\$10,000).

8 (j) A partner of a foreign limited liability partnership is not liable  
9 for the debts or obligations of the foreign limited liability  
10 partnership solely by reason of its having transacted business in  
11 this state without registration.

12 (k) A foreign limited liability partnership, transacting business  
13 in this state without registration, appoints the Secretary of State  
14 as its agent for service of process with respect to causes of action  
15 arising out of the transaction of business in this state.

16 (l) "Transact intrastate business" as used in this section means  
17 to repeatedly and successively provide professional limited liability  
18 partnership services in this state, other than in interstate or foreign  
19 commerce.

20 (m) Without excluding other activities that may not be  
21 considered to be transacting intrastate business, a foreign limited  
22 liability partnership shall not be considered to be transacting  
23 intrastate business merely because its subsidiary or affiliate  
24 transacts intrastate business, or merely because of its status as any  
25 one or more of the following:

26 (1) A shareholder of a domestic corporation.  
27 (2) A shareholder of a foreign corporation transacting intrastate  
28 business.  
29 (3) A limited partner of a foreign limited partnership transacting  
30 intrastate business.  
31 (4) A limited partner of a domestic limited partnership.  
32 (5) A member or manager of a foreign limited liability company  
33 transacting intrastate business.  
34 (6) A member or manager of a domestic limited liability  
35 company.

36 (n) Without excluding other activities that may not be considered  
37 to be transacting intrastate business, a foreign limited liability  
38 partnership shall not be considered to be transacting intrastate  
39 business within the meaning of this subdivision solely by reason

1 of carrying on in this state any one or more of the following  
2 activities:

3 (1) Maintaining or defending any action or suit or any  
4 administrative or arbitration proceeding, or effecting the settlement  
5 thereof or the settlement of claims or disputes.

6 (2) Holding meetings of its partners or carrying on any other  
7 activities concerning its internal affairs.

8 (3) Maintaining bank accounts.

9 (4) Maintaining offices or agencies for the transfer, exchange,  
10 and registration of the foreign limited liability partnership's  
11 securities or maintaining trustees or depositories with respect to  
12 those securities.

13 (5) Effecting sales through independent contractors.

14 (6) Soliciting or procuring orders, whether by mail or through  
15 employees or agents or otherwise, where those orders require  
16 acceptance without this state before becoming binding contracts.

17 (7) Creating or acquiring evidences of debt or mortgages, liens,  
18 or security interest in real or personal property.

19 (8) Securing or collecting debts or enforcing mortgages and  
20 security interests in property securing the debts.

21 (9) Conducting an isolated transaction that is completed within  
22 180 days and not in the course of a number of repeated transactions  
23 of a like nature.

24 (o) A person shall not be deemed to be transacting intrastate  
25 business in this state merely because of its status as a partner of a  
26 registered limited liability partnership or a foreign limited liability  
27 company whether or not registered to transact intrastate business  
28 in this state.

29 (p) The Attorney General may bring an action to restrain a  
30 foreign limited liability partnership from transacting intrastate  
31 business in this state in violation of this chapter.

32 (q) Nothing in this section is intended to, or shall, augment,  
33 diminish, or otherwise alter existing provisions of law, statutes,  
34 or court rules relating to services by a California architect,  
35 California public accountant, or California attorney in another  
36 jurisdiction, or services by an out-of-state architect, out-of-state  
37 public accountant, or out-of-state attorney in California.

38 (r) An agent designated for service of process may deliver to  
39 the Secretary of State, on a form prescribed by the Secretary of  
40 State for filing, a signed and acknowledged written statement of

1 resignation as an agent for service of process containing the name  
2 of the foreign limited liability partnership and Secretary of State's  
3 file number of the foreign limited liability partnership, the name  
4 of the resigning agent for service of process, and a statement that  
5 the agent is resigning. On filing of the statement of resignation,  
6 the authority of the agent to act in that capacity shall cease and the  
7 Secretary of State shall mail or otherwise provide written notice  
8 of the filing of the statement of resignation to the foreign limited  
9 liability partnership at its principal office.

10 (s) ~~The resignation of an agent may be effective if, on a form~~  
11 ~~prescribed by the Secretary of State containing the name and~~  
12 ~~Secretary of State's file number for the foreign limited liability~~  
13 ~~partnership and the name of the agent for service of process, the~~  
14 ~~agent disclaims having been properly appointed as the agent.~~

15 (t) ~~If an individual who has been designated agent for service~~  
16 ~~of process dies or resigns or no longer resides in the state, or if the~~  
17 ~~corporate agent for that purpose resigns, dissolves, withdraws from~~  
18 ~~the state, forfeits its right to transact intrastate business, has its~~  
19 ~~corporate rights, powers, and privileges suspended, or ceases to~~  
20 ~~exist, the foreign limited liability partnership shall promptly file~~  
21 ~~an amended application for registration as a foreign limited liability~~  
22 ~~partnership designating a new agent.~~

23 (u) ~~The Secretary of State may destroy or otherwise dispose of~~  
24 ~~any resignation filed pursuant to this section after a new application~~  
25 ~~for registration as a foreign limited liability partnership is filed~~  
26 ~~pursuant to this section replacing the agent for service of process~~  
27 ~~that has resigned.~~

28 (v) ~~This section shall become operative on January 1, 2016.~~