

AMENDED IN SENATE APRIL 13, 1998

**SENATE BILL**

**No. 1741**

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**Introduced by Senator Alpert**

February 18, 1998

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An act to amend Section ~~23081~~ 17935 of the Revenue and Taxation Code, relating to taxation.

LEGISLATIVE COUNSEL'S DIGEST

SB 1741, as amended, Alpert. Limited Partnerships: dissolution.

The ~~Bank and Corporation~~ *Personal Income Tax Law* imposes a tax on limited partnerships, limited liability companies, and limited liability partnerships. Existing law imposes a specified minimum tax on limited partnerships.

This bill would require that if a taxpayer files a return that is designated its final return with the Franchise Tax Board, that board must notify the taxpayer that the minimum tax is due annually until a certificate of dissolution or a certificate of cancellation is filed with the Secretary of State, as provided.

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 23081 of the Revenue and~~
- 2 *SECTION 1. Section 17935 of the Revenue and*
- 3 *Taxation Code is amended to read:*
- 4 17935. (a) For each taxable year beginning on or
- 5 after January 1, 1997, every limited partnership doing

1 business in this state (as defined by Section 23101) and  
2 required to file a return under Section 18633 shall pay  
3 annually to this state a tax for the privilege of doing  
4 business in this state in an amount equal to the applicable  
5 amount specified in Section 23153.

6 (b) (1) In addition to any limited partnership that is  
7 doing business in this state and therefore is subject to the  
8 tax imposed by subdivision (a), for each taxable year  
9 beginning on or after January 1, 1997, every limited  
10 partnership that has executed, acknowledged, and filed  
11 a certificate of limited partnership with the Secretary of  
12 State pursuant to Section 15621 of the Corporations Code,  
13 and every foreign limited partnership that has registered  
14 with the Secretary of State pursuant to Section 15692 of  
15 the Corporations Code, shall pay annually the tax  
16 prescribed in subdivision (a). The tax shall be paid for  
17 each taxable year, or part thereof, until a certificate of  
18 cancellation is filed on behalf of the limited partnership  
19 with the office of the Secretary of State pursuant to  
20 Section 15623 or 15696 of the Corporations Code.

21 (2) *If a taxpayer files a return with the Franchise Tax*  
22 *Board that is designated its final return, that board shall*  
23 *notify the taxpayer that the minimum tax is due annually*  
24 *until a certificate of cancellation is filed with the*  
25 *Secretary of State pursuant to Section 15623 or 15696 of*  
26 *the Corporations Code.*

27 (c) The tax imposed under this section shall be due  
28 and payable on the date the return is required to be filed  
29 under former Section 18432 or Section 18633.

30 (d) For purposes of this section, "limited partnership"  
31 means any partnership formed by two or more persons  
32 under the laws of this state or any other jurisdiction and  
33 having one or more general partners and one or more  
34 limited partners.

35 ~~Taxation Code is amended to read:~~

36 ~~23081. (a) For each taxable year beginning on or~~  
37 ~~after January 1, 1988, every limited partnership doing~~  
38 ~~business in this state (as defined by Section 23101) and~~  
39 ~~required to file a return under former Section 17932 or~~  
40 ~~Section 18633 shall pay annually to this state a tax for the~~



1 ~~privilege of doing business in this state in an amount equal~~  
2 ~~to the applicable amount specified in Section 23153 for~~  
3 ~~the current taxable year.~~

4 ~~(b) (1) In addition to any limited partnership that is~~  
5 ~~doing business in this state and therefore is subject to the~~  
6 ~~tax imposed by subdivision (a), for each taxable year~~  
7 ~~beginning on or after January 1, 1993, every limited~~  
8 ~~partnership that has executed, acknowledged, and filed~~  
9 ~~a certificate of limited partnership with the Secretary of~~  
10 ~~State pursuant to Section 15621 of the Corporations Code,~~  
11 ~~and every foreign limited partnership that has registered~~  
12 ~~with the Secretary of State pursuant to Section 15692 of~~  
13 ~~the Corporations Code, shall pay annually the tax~~  
14 ~~prescribed in subdivision (a). The tax shall be paid for~~  
15 ~~each taxable year, or part thereof, until a certificate of~~  
16 ~~dissolution or certificate of cancellation is filed on behalf~~  
17 ~~of the limited partnership with the office of the Secretary~~  
18 ~~of State pursuant to Section 15623 or 15696 of the~~  
19 ~~Corporations Code.~~

20 ~~(2) In the case of a limited partnership initially~~  
21 ~~qualifying to do business in this state or that has filed its~~  
22 ~~first certificate of limited partnership with the Secretary~~  
23 ~~of State, a period of one-half month may be disregarded,~~  
24 ~~for purposes of the tax imposed under subdivisions (a)~~  
25 ~~and (b), provided that the partnership was not doing~~  
26 ~~business in and received no income from sources in the~~  
27 ~~state during that period.~~

28 ~~(3) If a taxpayer files a return that is designated its final~~  
29 ~~return with the Franchise Tax Board, that board shall~~  
30 ~~notify the taxpayer that the minimum tax is due annually~~  
31 ~~until a certificate of dissolution or a certificate of~~  
32 ~~cancellation is filed with the Secretary of State pursuant~~  
33 ~~to Section 15623 or 15696 of the Corporations Code.~~

34 ~~(c) The tax imposed under this section shall be due~~  
35 ~~and payable on the date the return is required to be filed~~  
36 ~~under former Section 18432 or Section 18633.~~

37 ~~(d) For purposes of this section, "limited partnership"~~  
38 ~~means any partnership formed by two or more persons~~  
39 ~~under the laws of this state or any other jurisdiction and~~



1 ~~having one or more general partners and one or more~~  
2 ~~limited partners.~~

3 ~~(c) Notwithstanding subdivision (b), any limited~~  
4 ~~partnership that ceased doing business prior to January 1,~~  
5 ~~1993, filed a final return with the Franchise Tax Board for~~  
6 ~~a taxable year ending before January 1, 1993, and files a~~  
7 ~~certificate of dissolution or a certificate of cancellation~~  
8 ~~with the Secretary of State pursuant to Section 15623 or~~  
9 ~~15696 of the Corporations Code by the later of December~~  
10 ~~31, 1994, or the date 90 days after the date of enactment~~  
11 ~~of this act, shall not be subject to the tax imposed by this~~  
12 ~~section.~~

13 ~~(f) The amendments to this section by the act adding~~  
14 ~~this subdivision shall apply to each taxable year beginning~~  
15 ~~on or after January 1, 1993.~~

16 ~~(g) The amendments made to this section by the act~~  
17 ~~adding this subdivision shall apply to returns required to~~  
18 ~~be filed under subdivisions (a) and (b) after the effective~~  
19 ~~date of the act.~~

