

Date of Hearing: April 29, 2026

ASSEMBLY COMMITTEE ON APPROPRIATIONS

Buffy Wicks, Chair

AB 1939 (Flora) – As Introduced February 13, 2026

Policy Committee:	Business and Professions	Vote:	19 - 0
	Judiciary		12 - 0

Urgency: No State Mandated Local Program: Yes Reimbursable: No

SUMMARY:

This bill, beginning January 1, 2028, authorizes licensed fiduciaries to form professional fiduciary professional corporations under the Professional Fiduciaries Act (Fiduciaries Act).

Specifically, this bill:

- 1) Authorizes, beginning January 1, 2028, the formation of professional fiduciary professional corporations as follows:
 - a) Authorizes one or more licensees to organize a professional fiduciary professional corporation to provide professional fiduciary services that require licensure under this chapter.
 - b) Designates the Professional Fiduciaries Bureau (Bureau) as the governmental agency regulating professional fiduciary corporations for purposes of the Moscone-Knox Professional Corporation Act.
 - c) Requires a professional fiduciary corporation to register with the Secretary of State and for the professional fiduciary professional corporation, its shareholders, officers, directors, and employees rendering professional services who are licensed fiduciaries to comply with the Moscone-Knox Professional Corporation Act, the Fiduciaries Act, and all other statutes and regulations that pertain to professional corporations.
 - d) Requires, upon request of the Bureau, each professional fiduciary corporation to provide a corporation-wide report consisting of specified licensee registration and client log information and specifies that the report may not be disclosed to the public pursuant to the California Public Records Act, with exceptions.
- 2) Requires the Bureau to set a fee for the implementation and regulation of professional fiduciary professional corporations by regulation and specifies that the amount of the fee be at least \$1,000 but may not exceed reasonable costs of implementing and regulating professional fiduciary professional corporations.
- 3) Repeals the court appointment prohibitions under the Probate Code related to professional fiduciaries and instead prohibits a superior court from appointing or permitting a professional fiduciary to continue in any office as a guardian, conservator, personal representative, or trustee, unless the professional fiduciary holds a current professional fiduciary license, is exempt from licensing requirements, or is a professional fiduciary corporation, as provided.

FISCAL EFFECT:

- 1) The Bureau estimates ongoing costs of \$79,000 in fiscal year (FY) 2028-29, \$256,000 in FY 2029-30, and \$358,000 in FY 2030-31 and ongoing for 1.5 additional staff positions to implement the program and investigate violation complaints, including referrals to the Attorney General's (AG's) Office (Professional Fiduciary Fund). This estimate assumes at least 100 applicants in years one and two and 15 in each of the next four years and between 30 to 40 complaints against licensed corporations beginning in year three and ongoing. The Bureau assumes approximately 50% of complaints may be referred to the AG's Office.

The 2025 budget act provides approximately \$1.12 million (Professional Fiduciaries Fund) and 4.5 positions to support the continued operation of the Bureau's licensing and enforcement activities. Boards and bureaus within DCA are "special funded," meaning they derive their funding from fees charged to licensees. The Bureau notes the \$1,000 fee required in the bill to implement and regulate professional fiduciary corporations appears to be a one-time registration fee (as there is no license renewal or ongoing fee language in the bill) and may be insufficient to support ongoing program costs.

- 2) The Bureau must establish a fee via regulations prior to implementation. The Bureau anticipates this process will take approximately 12 to 24 months to complete and up to 15% of staff time. Additionally, the Bureau must update various existing forms and provide outreach on the new registrants. The Bureau indicates this workload is absorbable within existing resources.
- 3) The Office of Information Services (OIS) within DCA reports one-time IT costs of approximately \$50,000 to add a new registration type and to allow Bureau licensees to be associated with the corporate registrations. OIS presumes this will be a one-time payment and the registration type will have low complexity. OIS indicates delayed implementation is required to get the IT work completed after regulations are finished. The office indicates these costs are absorbable through the redirection of existing resources.

COMMENTS:

- 1) **Purpose.** This bill is sponsored by the Professional Fiduciary Association of California. According to the author:

[This bill] expressly authorizes licensed professional fiduciaries, like other professionals, to form a professional corporation that could be appointed by the court to act as a guardian of an estate, conservator of an estate, personal representative of a decedent's estate, or trustee of a trust. Most importantly, the bill protects consumers of these services, first, by requiring the members of the corporation to possess a license, second, by prescribing requirements and regulations for those corporations to provide fiduciary services, and third, by requiring the entities to comply with the requirements of the Moscone Knox Professional Corporations Act.

- 2) **Background.** Fiduciaries are individuals serving as conservators, guardians, trustees, or personal representatives to manage the affairs of individuals who may lack capacity or have delegated authority to act on their behalf. When these duties are performed for compensation,

the law recognizes the actor as a “professional fiduciary.” Existing law regulates and licenses professional fiduciaries under the Fiduciaries Act and establishes the Bureau, within DCA, to administer and enforce the Fiduciaries Act. Licensure requirements ensure fiduciaries meet minimum standards of competency and accountability to protect the public, especially vulnerable individuals.

Existing law requires a valid license to legally provide professional fiduciary services but restricts fiduciary licensure to natural persons. As a result, corporations and other legal entities are categorically ineligible to obtain a license under the Fiduciaries Act. Existing law prohibits courts from appointing a fiduciary in a representative capacity unless the person holds a current, unsuspended license issued by the Bureau, unless they are otherwise exempt. While “person” can sometimes include corporate entities under California law, the Fiduciaries Act does not extend its licensing authority to business organizations.

In practice, however, there are situations where professional corporations provide fiduciary services even though, as entities, they cannot obtain a license. According to the bill’s sponsor, although the Probate Code does not authorize the courts to appoint entities in representative capacities, courts have nonetheless approved petitions seeking the appointment of professional fiduciary organizations, as opposed to an individual professional.

This bill seeks to resolve this inconsistency by authorizing licensed professional fiduciaries to form professional fiduciary corporations under the Moscone-Knox Professional Corporations Act. The bill specifies that only licensed fiduciaries may serve as shareholders, officers, directors, and employees of such corporations and requires individual licensees to report their corporate affiliation to the Bureau.

The bill also conforms state law to existing judicial practice by expressly authorizing a court to appoint a professional fiduciary corporation in a representative role as a guardian, conservator, personal representative, or trustee.

- 3) **Prior Legislation.** AB 586 (Flora), of this legislative session, was substantially similar to this bill except it did not contain the delayed implementation date, fees, and other technical details. AB 586 was held on the Senate Appropriations Committee’s suspense file.

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