
SENATE COMMITTEE ON APPROPRIATIONS

Senator Sabrina Cervantes, Chair
2025 - 2026 Regular Session

AB 1939 (Flora) - Professional fiduciaries: corporate practice

Version: June 11, 2026

Policy Vote: B., P. & E.D. 11 - 0, JUD. 13
- 0

Urgency: No

Mandate: Yes

Hearing Date: August 3, 2026

Consultant: Janelle Miyashiro

Bill Summary: AB 1939 establishes a registration pathway for professional fiduciary corporations formed under the Moscone-Knox Professional Corporation Act, requiring licensees to notify the Professional Fiduciaries Bureau (PFB) of such service and submit specified annual reports. AB 1939 also clarifies which entities a superior court may appoint to fiduciary positions, while requiring licensees to resign from any unlawful appointments and forfeiting their right to payment for services rendered under them.

Fiscal Impact: PFB reports:

- Absorbable one-time costs to promulgate regulations, implement a new fee for the organization of a professional fiduciary corporation, update various forms, and conduct outreach.
- Unabsorbable costs of \$79,000 in Fiscal Year (FY) 2028-29, \$256,000 in FY 2029-30, and \$358,000 ongoing annually (Professional Fiduciary Fund) for additional administrative and enforcement workload, including reviewing new corporation-wide reports and conducting more complex investigations. PFB's estimate assumes 260 total applicants and 30 to 40 complaints annually, with 50 percent of complaints referred to the Attorney General.
- An unknown increase in fee revenue, which may offset administrative and enforcement costs to some extent.

The Office of Information Services estimates IT costs of \$73,000 to add a new license type and make other conforming system changes, which is expected to be absorbable.

Background: Generally, fiduciaries are individuals who are granted another individual's confidence and trust. Those who are paid to handle fiduciary duties for clients, such as conservators, guardians, trustees, personal representatives of a decedent's estate, and agents under durable power of attorney, are considered professional fiduciaries and require a license issued by the Bureau.

Because a license is required to provide professional fiduciary services, and corporations and other business entities are not able to obtain a license under existing law, corporations and other business entities are prohibited from providing professional services unless specifically authorized.

Proposed Law:

- Expands the information PFB is required to maintain in each licensee's file, makes available to a court for any purpose, and makes available to the public.

- Authorizes one or more licensees may organize a professional fiduciary professional corporation (corporation) to provide professional fiduciary services that require licensure, effective January 1, 2029.
- Defines a professional fiduciary professional corporation as a corporation that is authorized to render professional services, as defined in CORP § 13401, if that corporation and its shareholders, officers, directors, and employees rendering professional services who are licensed professional fiduciaries are in compliance with the Moscone-Knox Professional Corporation Act. Requires the PFB is issue a certificate of registration to the applicant that meets all requirements for registration of the Moscone-Knox Professional Corporation Act and the Professional Fiduciaries Act. Requires each corporation to renew its registration on an annual basis.
- Requires a licensee to initially, and annually thereafter, to file with the Bureau, a statement under penalty of perjury whether or not a corporation, for which the licensee is appointed with or serving under, has been removed for cause. Requires the licensee to report removals and file an additional statement of issues and facts pertaining to the case. Requires the licensee to indicate on each case whether the licensee is serving with or under a corporation and include the name of the corporation.
- Provides that failure of a licensee to respond to inquiries or produce documents requested by the bureau, including inquiries and documents related to a corporation within 60 days of the request is cause for disciplinary action.
- Authorizes the PFB to set a fee for registration and annual renewal of corporations. Requires the fee to be a minimum of \$1,000.
- Establishes requirements applicable to a corporation, including:
 - Registration with the Secretary of State (SOS).
 - The corporation, its officers, directors, shareholders, and employees rendering professional fiduciary services must comply with the Moscone-Knox Professional Corporation Act.
 - Any individual providing professional fiduciary services on behalf of the corporation shall be a licensee actively licensed with the PFB.
 - A licensee serving as an officer, director, shareholder, or employee of the corporation is not exempt from individual discipline for violations of the Professional Fiduciaries Act, bureau regulations, or other applicable laws.
 - Any income of the corporation attributable to professional services rendered while a shareholder is a disqualified person, as defined in CORP § 13401, does not accrue to the benefit of that shareholder or their shares in the corporation.
 - The corporation is prohibited from permitting an unqualified person to serve as an officer, director, shareholder, or licensed employee.

- The licensee or licensees named on the SOS registration must serve as the PFB's primary contact.
 - A corporation or its agent is prohibited from imposing costs or fees to a client for incorporation or corporation name changes with the SOS or on appointing documents or other records.
- Requires a registrant to provide specified information to PFB in the form of a corporation-wide report upon request and establishes that failure to do so within 60 days of the request is considered unprofessional conduct.
- Requires a corporation to take specified actions if appointed by a court under specified circumstances, including:
 - Immediately resign the appointment.
 - Notify the court or party that appointed the corporation of the resignation.
 - Cooperate with all efforts to have a successor appointed.
 - Waive compensation for any services related to the resignation and the appointment of a successor.
- Prohibits a registered fiduciary corporation from billing or imposing costs for services performed while improperly named by a court and states failure of a registrant to resign is considered unprofessional conduct.
- Defines "Professional fiduciary professional corporation" in the Probate Code.
- Prohibits a superior court from appointing a corporation as a guardian, conservator, personal representative, or trustee, or permit a professional fiduciary or a corporation to continue in any of those offices, unless the professional fiduciary or the corporation: 1) holds a current, unsuspended license issued by the PFB; 2) is exempt from licensure; or 3) is a corporation registered with PFB, which is prohibited from being appointed as a guardian, conservator, or in a position to make health care decisions.
- Makes technical amendments throughout the Probate Code.

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