

SENATE JUDICIARY COMMITTEE
Senator Thomas Umberg, Chair
2025-2026 Regular Session

AB 586 (Flora)
Version: July 9, 2025
Hearing Date: July 15, 2025
Fiscal: Yes
Urgency: No
AM

SUBJECT

Professional fiduciaries

DIGEST

This bill authorizes the formation of a professional fiduciary professional corporation, if certain conditions are met. The bill prohibits a superior court from appointing a professional fiduciary as a guardian, conservator, personal representative, or trustee unless the professional fiduciary is licensed as a professional fiduciary, a professional fiduciary professional corporation, or otherwise exempt from licensure as a professional fiduciary.

EXECUTIVE SUMMARY

A professional fiduciary may be appointed by a court as a guardian or conservator of a person or an estate, or both, or to probate a person's estate. A fiduciary may also be appointed by an individual as the trustee of a trust or an agent under a power of attorney. A professional fiduciary has significant responsibility for managing the assets or person of another and as such is required to be licensed by the Professional Fiduciary Bureau. This bill seeks to address a purported gap in existing law by requiring a professional fiduciary corporation to be registered with the Professional Fiduciary Bureau and ensuring that a court cannot name a professional fiduciary as a guardian, conservator, personal representative, trustee, or other officer unless they are licensed or registered, except as specified. This bill is substantially similar to AB 2148 (Low, 2023), which passed this Committee on a vote of 11 to 0 but was ultimately held in the Senate Appropriations Committee. This bill is supported by the Professional Fiduciary Association of California. No timely opposition was received by this Committee. The bill passed the Senate Business, Professions and Economic Development Committee on a vote of 10 to 0.

PROPOSED CHANGES TO THE LAW

- 1) Provides for the licensure and regulation of professional fiduciaries by the Professional Fiduciaries Bureau (PFB) under the Professional Fiduciaries Act. (Bus. & Prof. Code §§ 6500 et. seq.)
- 2) Prohibits a person from acting or holding themselves out to the public as a professional fiduciary unless licensed as a professional fiduciary, except as specified. (Bus. & Prof. Code § 6530.)
- 3) Defines a “professional fiduciary” as the following:
 - a) A person who acts as a guardian or conservator of the person, the estate, or the person and estate, for two or more individuals at the same time who are not related to the professional fiduciary or to each other. (Bus. & Prof. Code §6501(f)(1)(A).)
 - b) A personal representative of a decedent’s estate, as defined in the Probate Code, for two or more individuals at the same time who are not related to the professional fiduciary or to each other. (Bus. & Prof. Code §6501(f)(1)(B); Prob. Code § 58(a).)
 - c) A person who acts as a trustee, agent under a durable power of attorney for health care, or agent under a durable power of attorney for finances, for more than three individuals, at the same time. (Bus. & Prof. Code § 6501(f)(2).)
- 4) Requires the PFB to maintain certain information in each licensee’s file, including the names of the licensee’s current conservatees, wards, principals under a durable power of attorney for health care, or principals under a durable power of attorney for finances, and the names of the trusts or estates currently administered by the licensee, whether the case is court supervised or noncourt supervised. (Bus. & Prof. Code §6534(a).)
 - a) Makes some of the information held by the PFB in a licensee’s file confidential.
- 5) Requires a professional fiduciary to file a statement with the PFB under penalty of perjury containing specified information, including whether the licensee has been found by a court to have breached a fiduciary duty or whether the licensee has been convicted of a crime. (Bus. & Prof. Code § 6561.)
- 6) Authorizes the formation of professional corporations under the Moscone-Knox Professional Corporation Act. (Corp. Code §§ 13400 et. seq.)
 - a) Defines “professional services” as any type of professional services that may be lawfully rendered pursuant to a license, certification, or registration authorized by the Business and Professions Code, the Chiropractic Act, or the Osteopathic Act. (Corp. Code § 13401(a).)
 - b) Defines “professional corporation” as a corporation that is engaged in rendering professional services in a single profession pursuant to a certificate

- of registration issued by the governmental agency regulating the profession as provided in the Moscone-Knox Professional Corporation Act and that in its practice or business designates itself as a professional or other corporation as may be required by statute. (Corp. Code § 13401(b).)
- 7) Prohibits a superior court from appointing a person to carry out the duties of a professional fiduciary, or permit a person to continue those duties, unless the person holds a valid, unexpired, unsuspended license as a professional fiduciary, is exempt from the definition of “professional fiduciary,” or is exempt from the licensing requirements of the Professional Fiduciaries Act. (Prob. Code § 2340.)
 - 8) Provides, pursuant to the California Constitution, that the people have the right of access to information concerning the conduct of the people’s business, and, therefore, the meetings of public bodies and the writings of public officials and agencies are required to be open to public scrutiny. (Cal. const. art. I, § 3(b)(1).)
 - a) Requires a statute to be broadly construed if it furthers the people’s right of access, and narrowly construed if it limits the right of access. (Cal. const. art. I, § 3(b)(1).)
 - b) Requires a statute that limits the public’s right of access to be adopted with findings demonstrating the interest protected by the limitation and the need for protecting that interest. (Cal. const. art. I, § 3(b)(1).)
 - 9) Governs the disclosure of information collected and maintained by public agencies pursuant to the CPRA. (Gov. Code §§ 7920.000 et seq.)
 - a) States that the Legislature, mindful of the individual right to privacy, finds and declares that access to information concerning the conduct of the people’s business is a fundamental and necessary right of every person in this state. (Gov. Code § 7921.000.)
 - b) Defines “public records” as any writing containing information relating to the conduct of the public’s business prepared, owned, used, or retained by any state or local agency regardless of physical form or characteristics. (Gov. Code § 7920.530.)
 - c) Provides that all public records are accessible to the public upon request, unless the record requested is exempt from public disclosure. (Gov. Code § 7922.530.)

This bill:

- 1) Authorizes licensed professional fiduciaries to organize professional fiduciary corporations to provide professional fiduciary services under the Moscone-Knox Professional Corporation Act, as provided.
 - a) Authorizes the PFB to promulgate regulations for professional fiduciary professional corporations in accordance with the provisions of the Administrative Procedure Act.

- 2) Requires a licensed professional fiduciary to indicate to PFB, under penalty of perjury, on each case if the licensee is serving under a professional fiduciary corporation.
- 3) Updates the definition of professional fiduciary in the Probate Code to also include a professional fiduciary professional corporation organized under the Moscone-Knox Professional Corporation Act.
- 4) Prohibits a superior court from appointing a professional fiduciary or professional fiduciary corporation as a guardian, conservator, personal representative, or trustee, or allowing a professional fiduciary or professional fiduciary corporation to continue in any of those offices, unless the professional fiduciary or professional fiduciary corporation satisfies any of the following:
 - a) holds a current, unsuspended license as a professional fiduciary to act or hold themselves out to the public as a professional fiduciary;
 - b) is exempt from the licensing requirements for professional fiduciaries; or
 - c) is a professional fiduciary professional corporation, organized as a professional corporation under the Moscone-Knox Professional Corporation Act.
- 5) Prohibits a professional fiduciary professional corporation from being appointed as any of the following:
 - a) a guardian of the person of a ward under Part 2 (commencing with Section 1500) of Division 4 of the Probate Code;
 - b) a conservator of the person of a conservatee under Part 3 (commencing with Section 1800) of Division 4 of the Probate Code; or
 - c) any office under Division 4.7 (commencing with Section 4600) of the Probate Code.
- 6) Makes other technical and conforming changes.

COMMENTS

1. Stated need for the bill

The author writes:

AB 586 would close a loophole in existing law where courts are appointing entities to serve in representative capacities, by clearly defining the entities that can be appointed, and by requiring the individuals to be appropriately licensed and regulated.

2. Background on professional fiduciaries

A professional fiduciary is defined as any person who acts as a guardian, conservator, or personal representative for two or more individuals at the same time who are not related to the professional fiduciary or each other, a trustee, an agent under a durable power of attorney for health care, or an agent under a durable power of attorney for finances for more than three individuals, at the same time. (Bus. & Prof. Code § 6501 (f).) A professional fiduciary is required to be licensed and regulated by the PFB. Often, a professional fiduciary steps in to act when family members are unable or unwilling to serve, or when there is a dispute among the family members. Professional fiduciaries must make a broad range of complex decisions for wards and conservatees, including where they live, home care arrangements, major medical decisions, and control of all of the financial matters from bank accounts to investment and tax decisions. A personal representative is generally appointed in connection with the administration of estates, a trustee in connection with administration of a trust, and an agent under a durable power of attorney to handle financial matters. These positions place responsibility on a person for making decisions relating to the management and disposition of assets, management of accounts, and the distribution to heirs or beneficiaries. Agents for health care of financial matters may be called upon to make critical medical decisions on behalf of the principal.

3. This bill seeks to regulate professional fiduciary corporations

This bill seeks to address a gap in existing law by authorizing professional fiduciaries to organize as a “professional corporation” pursuant to the provisions of the Moscone-Knox Professional Corporation Act. All directors, shareholders, and officers must be licensed by the PFB and any income of the professional corporation attributable to professional fiduciary services rendered while a shareholder is a disqualified person cannot accrue to the benefit of that shareholder or their shares in the corporation. The bill requires a professional fiduciary to submit to the PFB each case where they are serving under a professional fiduciary corporation and other specified information, such as assets under the licensee’s supervision. This information would be deemed confidential and therefore not subject to disclosure under the California Public Records Act.

California generally recognizes that public access to information concerning the conduct of the people’s business is a fundamental and necessary right.¹ At the same time, the state recognizes that this right must be balanced against the right to privacy.² The general right of access to public records may, therefore, be limited when records include personal information. The bill states that this limitation is necessary to protect the

¹ Cal. Const., art. I, § 3; Gov. Code, § 7921.000.

² Cal. Const., art. I, § 1.

privacy rights of individual clients. In light of the privacy implications, the stated need for the limitation on access to public records seems warranted.

The bill amends the Probate Code to prohibit a court from appointing a professional fiduciary as a guardian, conservator, public representative, or trustee unless they are: a licensed professional fiduciary, otherwise exempt from the licensing requirements of the Professional Fiduciaries Act; or are a professional fiduciary professional corporation organized under the Moscone-Knox Professional Corporation Act. The bill defines a professional fiduciary, for purposes of the Probate Code, as a person who holds a current, unsuspended license under the Professional Fiduciaries Act, is exempt from the licensing requirements of that act, or is a professional fiduciary professional corporation organized under the Moscone-Knox Professional Corporation Act. When making an appointment of a professional fiduciary corporation, the petition and appointment must specify the corporate member having primary responsibility for the matter.

4. Statements in support

The Professional Fiduciary Association of California writes in support, stating this bill would “authorize licensed professional fiduciaries to form Professional Fiduciary Professional Corporations and would enable these corporations to be named and/or appointed by the court, together with requirements and regulations applicable to those professional corporations. This legislation continues the legislative efforts begun last year with AB 2148 [Low] and though similar to AB 2148, AB 586 incorporates suggestions made by interested stakeholders in the prior legislative session and as this legislation has progressed through the legislative process.”

SUPPORT

Professional Fiduciary Association of California

OPPOSITION

None received

RELATED LEGISLATION

Pending Legislation: None known.

Prior Legislation: AB 2148 (Low, 2023) was substantially similar to this bill. AB 2148 was held in the Senate Appropriations Committee.

PRIOR VOTES

Senate Business, Professions and Economic Development Committee (Ayes 10, Noes 0)

Assembly Floor (Ayes 77, Noes 0)

Assembly Appropriations Committee (Ayes 14, Noes 0)

Assembly Judiciary Committee (Ayes 12, Noes 0)

Assembly Business and Professions Committee (Ayes 17, Noes 0)
