

**HOUSE OF REPRESENTATIVES STAFF ANALYSIS**

**BILL #:** PCB GOA 09-05 Certified Public Accountants

**SPONSOR(S):** Government Operations Appropriations Committee

**TIED BILLS:** **IDEN./SIM. BILLS:**

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	<b>REFERENCE</b>	<b>ACTION</b>	<b>ANALYST</b>	<b>STAFF DIRECTOR</b>
Orig. Comm.:	Government Operations Appropriations Committee	6 Y, 0 N	Topp	Topp
1)	_____	_____	_____	_____
2)	_____	_____	_____	_____
3)	_____	_____	_____	_____
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5)	_____	_____	_____	_____

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**SUMMARY ANALYSIS**

The bill eliminates requirements for applicants and licensed Certified Public Accountants (CPA) to pass a law and rules examination as a condition of licensure renewal and reactivation of an inactive license.

Currently, as a condition of licensure under Chapter 473, F.S., renewal and/or reactivation, CPAs must pass a 20 question open book examination on the law and rules governing the practice of public accounting. These licensees are also required to complete ethics continuing professional education (CPE), which must include a review of the laws and rules. Further, both the course and course providers must be approved by the Board of Accountancy.

The bill will provide a cost savings to the DBPR Board of Certified Public Accountancy of approximately \$138,000 annually. The reduction of \$138,000 is included in the House of Representatives proposed General Appropriations Act for FY 2009-10.

Effective date of the bill is July 1, 2009

## HOUSE PRINCIPLES

Members are encouraged to evaluate proposed legislation in light of the following guiding principles of the House of Representatives

- Balance the state budget.
- Create a legal and regulatory environment that fosters economic growth and job creation.
- Lower the tax burden on families and businesses.
- Reverse or restrain the growth of government.
- Promote public safety.
- Promote educational accountability, excellence, and choice.
- Foster respect for the family and for innocent human life.
- Protect Florida's natural beauty.

## FULL ANALYSIS

### I. SUBSTANTIVE ANALYSIS

#### A. EFFECT OF PROPOSED CHANGES:

Currently, as a condition of licensure under Chapter 473, F.S., renewal and/or reactivation, CPAs must pass a 20 question open book examination on the law and rules government the practice of public accounting. These licensees are also required to complete ethics continuing professional education (CPE), which must include a review of the laws and rules. Further, both the course and course providers must be approved by the Board of Accountancy. Ethics providers must also renew their ethics course and providers approval every two years.

Legislation that passed in the 2008 session reduced the education requirements to sit for the CPA examination and added a (1) one year work experience requirement. Applicants who apply for Florida CPA licensure after December 31, 2008 must evidence work experience, including applicants who qualified to sit for the examination under the more stringent requirements.

The bill eliminates the laws and rules exam as part of continuing education and initial licensing of CPAs. With regard to the work experience requirement, the bill allows candidates who have met requirements and are currently sitting for the examination the opportunity to practice as a CPA upon passing the examination.

Changes to the continuing education requirement will allow the Board of Public Certified Public Accountancy to set reactivation requirements by rule.

#### B. SECTION DIRECTORY:

Section 1. Amends section 455.217, F.S., to provide that the general examination requirements for laws and rules examinations do not apply to CPAs. Allowing the Board of Certified Public Accountants to set specific examination requirements under Chapter 473, F.S.

Section 2. Amends section 455.305, F.S., to remove the reference to the laws and rules examination for certified public accountants.

Section 3. Amends section 473.311, F.S., to remove the reference to the laws and rules examination for certified public accountants.

Section 4. Amends section 473.313, F.S., to remove reference to the laws and rules examination for activating an inactive CPA license.

## II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

### A. FISCAL IMPACT ON STATE GOVERNMENT:

#### 1. Revenues:

DBPR indicates there would be minimal impact with the elimination of the late filing fee for CPAs. However, the cost savings to the Board of Accountancy is greater than the minimal loss of fee revenue – see Expenditures.

#### 2. Expenditures:

DBPR projects that the Board of Certified Public Accountancy will realize an annual cost savings of \$138,000 upon passage of this bill. The savings will be realized as a result of canceling the contract with the examination vendor.

### B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

#### 1. Revenues:

None.

#### 2. Expenditures:

None.

### C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

None.

### D. FISCAL COMMENTS:

DBPR's board of Certified Public Accountancy will realize a savings of approximately \$138,000 by eliminating the law and rules examination requirement.

## III. COMMENTS

### A. CONSTITUTIONAL ISSUES:

#### 1. Applicability of Municipality/County Mandates Provision:

The bill does not appear to require counties or municipalities to take an action requiring the expenditure of funds, does not appear to reduce the authority that counties or municipalities have to raise revenue in the aggregate, and does not appear to reduce the percentage of state tax shared with counties or municipalities.

#### 2. Other:

None.

### B. RULE-MAKING AUTHORITY:

None.

### C. DRAFTING ISSUES OR OTHER COMMENTS:

None.

**IV. AMENDMENTS/COUNCIL OR COMMITTEE SUBSTITUTE CHANGES**