

**HOUSE OF REPRESENTATIVES STAFF ANALYSIS**

**BILL #:** CS/HB 1099 Public Accountancy  
**SPONSOR(S):** Insurance, Business & Financial Affairs Policy Committee, Domino  
**TIED BILLS:** **IDEN./SIM. BILLS:** SB 1640

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR
1) Insurance, Business & Financial Affairs Policy Committee	16 Y, 0 N, As CS	Livingston	Cooper
2) General Government Policy Council		Livingston	Hamby
3) Policy Council			
4)			
5)			

**SUMMARY ANALYSIS**

A certified public accountant (CPA) is regulated under the jurisdiction of the Board of Accountancy, Division of Certified Public Accountants, within the DBPR. The board is comprised of nine members, seven of whom must be certified public accountants and two of whom must be laypersons .

Qualifications for licensure include meeting the requirements for good moral character, formal education, and successful completion of a comprehensive licensure examination. The education qualifications include a baccalaureate degree plus at least 30 semester or 45 quarter hours of formal education in excess of the hours required for a degree. This is commonly referred to as the 5th year/150 hour requirement.

In order to take the CPA examination, the applicant is required to have completed 120 semester hours or equivalent number of quarter hours. Though this is the normal number of hours for a degree, the applicant is not required to actually receive the degree or to complete the 5th year/150 hour requirement to apply and sit for the examination. These standards, and others, are required to be met for eventual licensure. By statute, CPA laws and rules must be a part of the examination. Beginning January 1, 2009, an applicant for licensure must have one year of work experience to go along with the other requirements for licensure. The board is authorized to establish the work experience guidelines by rule.

The bill specifies that the seven members of the board that are certified public accountants must be licensed in the state of Florida. The bill continues to allow past members of the board to be on the probable cause panel and removes the limitation of a single two year term. Thus, the member could serve for more than a single two year term.

The bill specifies that an individual does not have to meet the one year work experience requirement if the applicant for licensure has completed the educational requirements by December 31, 2008, and passes the examination before June 30, 2010. The bill removes the authority for a board or the DBPR to require a state law and rule portion of an examination.

The bill provides that a minimum of eight hours of the continuing education for renewal of an inactive license must be in ethics subjects approved by the board.

The DBPR projects an expenditure reduction approaching \$133,000 due to the elimination of the CPA law and rules examination requirement. The DBPR projects no impact on revenues.

Effective date – 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:

##### Present situation

A certified public accountant (CPA) is regulated under the jurisdiction of the Board of Accountancy, Division of Certified Public Accountants, within the DBPR. The board is comprised of nine members, seven of whom must be certified public accountants and two of whom must be laypersons. The members who are certified public accountants must have practiced public accounting on a substantially full-time basis for at least 5 years. Each member is appointed by the Governor, subject to confirmation by the Senate. The members of the probable cause panel of the board may include past members of the board who may serve on the panel for a maximum of a single 2 year term.

Qualifications for licensure include meeting the requirements for good moral character, formal education, and successful completion of a comprehensive licensure examination. In order to take the CPA examination, certain education qualifications must be met including a baccalaureate degree plus at least 30 semester or 45 quarter hours of formal education in excess of the hours required for a degree. This is commonly referred to as the 5th year/150 hour requirement. An applicant for licensure may substitute five years of work experience for the extra education credits required beyond the baccalaureate degree.

An individual is allowed to sit for the CPA examination prior to achieving a college degree. The applicant is required to have completed 120 semester hours or equivalent number of quarter hours. Though this is the normal number of hours for a degree, the applicant is not required to actually receive the degree or to complete the 5th year/150 hour requirement to apply and sit for the examination. These standards, and others, are required to be met for eventual licensure.

Beginning on January 1, 2009, an applicant for licensure must have one year of work experience to go along with the other requirements for licensure. The board is authorized to establish the work experience guidelines by rule.

Section 473.313(2), F.S., provides the continuing education requirements for reactivation of an inactive CPA license. It provides that continuing education requirements shall be those prescribed for the most recent biennium plus one-half of the requirements in s. 473.312, F.S.

Section 473.313, F.S. establishes the procedure to reactivate a CPA license that has been placed in inactive status. The DBPR is authorized to reactivate a license upon receipt of the reactivation

application and fee and upon certification by the board that the licensee has satisfactorily completed continuing education requirements. The continuing education requirements are 120 hours and within this total must include at least 30 hours in accounting-related and auditing-related subjects and not more than 30 hours in behavioral subjects.

#### Effect of proposed changes

The bill specifies that the seven members of the board that are certified public accountants must be licensed in the state of Florida. The bill continues to allow past members of the board to be on the probable cause panel and removes the limitation of a single two year term. Thus, the member could serve for more than a single two year term.

The bill specifies that an individual does not have to meet the one year work experience requirement if the applicant for licensure has completed the educational requirements by December 31, 2008, and passes the examination before June 30, 2010.

The bill removes the authority for a board or the DBPR to require a state law and rule portion of an examination. Other sections of the bill that remove the reference specifically to the requirement in chapter 473, F.S., for law and rule examinations include: ss. 473.305, 473.311, and 473.313, F.S.

The bill deletes the requirement for reactivation of an inactive license that the CPA also complete one-half of the requirements for each year or part thereof during which the licensee was inactive.

The bill provides that a minimum of eight hours of the continuing education for renewal of an inactive license must be in ethics subjects approved by the board.

#### B. SECTION DIRECTORY:

Section 1. Amends s. 455.217, F.S., excludes CPAs from the laws and rules examination requirement in the general powers provision of chapter 455, F.S.

Section 2. Amends s. 455.271, F.S. to exempt CPAs from certain continuing education requirements of chapter 455, F.S. (chapter 473, F.S., requirements would continue to apply).

Section 3. Amends s. 473.303, F.S., to require Board of Accountancy members be licensed in Florida.

Section 4. Amends s.473.305, F.S., to remove the reference to law and rule examinations for CPA's.

Section 5. Amends s. 473.308, F.S., to extend the 1 year work experience requirement for purposes of licensure as a CPA to June 30, 2010.

Section 6. Amends s. 473.311, F.S., to remove the reference to law and rule examinations for license renewal for CPA's.

Section 7. Amends s. 473.313, F.S., to remove the reference to law and rule examinations for activating an inactive CPA license and includes 8 hours of ethics, as a part of continuing education requirements for reactivating a license.

Section 8. Effective date - July 1, 2009.

## **II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT**

#### A. FISCAL IMPACT ON STATE GOVERNMENT:

##### 1. Revenues:

The DBPR projects no impact on revenues.<sup>1</sup>

2. Expenditures:

The DBPR projects an expenditure reduction approaching \$133,000 due to the elimination of the CPA law and rules examination requirement.<sup>2</sup>

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

None.

2. Expenditures:

None.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

The DBPR states that there is no impact on the private sector.<sup>3</sup>

D. FISCAL COMMENTS:

None.

### III. COMMENTS

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

This 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

On March 24, 2009, the Insurance, Business, and Financial Affairs Committee took up the bill, adopted an amendment, and passed the bill as a CS. The CS differs from the bill as originally filed as follows:

The CS excludes CPAs from the laws and rules examination requirement in the general powers provision of chapter 455, F.S. The law and rule examination provisions of chapter 473, F.S., relating specifically to CPAs, would apply.

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<sup>1</sup> DBPR Office of Legislative Affairs, 2009 Legislative Analysis Form, SB 1640/HB 1099, on file with the Insurance, Business, & Financial Affairs Committee.

<sup>2</sup> Id.

<sup>3</sup> Id.