

## HOUSE OF REPRESENTATIVES STAFF ANALYSIS

**BILL #:** HB 797

Public Accountancy

**SPONSOR(S):** Holder

**TIED BILLS:**

**IDEN./SIM. BILLS:** SB 1206

---

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR
1) <u>Committee on Business Regulation</u>	_____	<u>Livingston/Smith</u>	<u>Liepshutz</u>
2) <u>Jobs &amp; Entrepreneurship Council</u>	_____	_____	_____
3) _____	_____	_____	_____
4) _____	_____	_____	_____
5) _____	_____	_____	_____

---

### SUMMARY ANALYSIS

A certified public accountant (CPA) is regulated under the jurisdiction of the Board of Accountancy (board) within the Department of Business and Professional Regulation (DBPR), Division of Certified Public Accountants. 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 5<sup>th</sup> 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.

- The **bill** allows an applicant (often a student) to sit for the examination for licensure 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 5<sup>th</sup> year/150 hour requirement (to apply and sit for the examination) (these standards, and others, are required to be met for eventual "licensure").

Currently, an applicant to take the CPA examination must, in addition to education, meet statutory "good moral character" requirements.

- The **bill** removes the good moral character standard from the requirements to qualify for the examination and requires the good moral character standard as a quality to be approved for "licensure."
- The **bill** creates a new standard to be met in order to be "licensed." 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 work experience guidelines (similar to the authority of the board to approve work experience guidelines as an alternative to the 5<sup>th</sup> year/150 hour education standard).

Per the department, costs associated with this legislation would be minimal and existing staff would absorb any additional workload.

## FULL ANALYSIS

### I. SUBSTANTIVE ANALYSIS

#### A. HOUSE PRINCIPLES ANALYSIS:

Promote Personal Responsibility/ Provide Limited Government

The bill is designed to facilitate the procedures for an individual to qualify to become a certified public accountant and to allow for a more efficient processing of applications by the DBPR within current resources.

The bill creates a work experience standard that is not currently required for licensure.

#### B. EFFECT OF PROPOSED CHANGES:

##### Present situation

A certified public accountant (CPA) is regulated under the jurisdiction of the Board of Accountancy (board) within the Department of Business and Professional Regulation (DBPR), Division of Certified Public Accountants. 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.

Currently, an applicant to take the CPA examination must, in addition to education, meet statutory "good moral character" requirements.

##### Effect of proposed changes

The bill allows an individual to sit for the CPA examination for licensure 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").

The bill removes the good moral character standard from the requirements to qualify for the examination and requires the good moral character standard as a quality to be approved for "licensure."

The bill creates a new standard to be met in order to be "licensed." 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.

#### C. SECTION DIRECTORY:

Section 1. Amends s. 473.306, F.S., to allow individuals to sit for the uniform CPA examination upon completion of 120 semester hours or 160 quarter hours of education from an accredited institution.

Section 2. Amends s. 473.308, F.S., to include conditions for licensure of one year of work experience in addition to other requirements; authorizes the board, by rule, to determine the specific business and

accounting courses and to determine the standards providing for the review and approval of the work experience.

Section 3. Amends s. 473.323, F.S., to conform a cross-reference.

Section 4. Effective date - July 1, 2008.

## II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

### A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

None.

2. Expenditures:

None.

### B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

None.

2. Expenditures:

None.

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

Uncertain but likely minimal.

### D. FISCAL COMMENTS:

Per the department, any costs associated with this legislation would be minimal and existing staff would absorb any additional workload.

## 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:

NA

### B. RULE-MAKING AUTHORITY:

The bill requires the board to amend Rule 61H1-27.002 Florida Administrative Code regarding courses that qualify as a concentration in accounting and business. Also the board is required to adopt rules to specify standards providing for the review and approval of work experience.

C. DRAFTING ISSUES OR OTHER COMMENTS:

The DBPR notes:

- “The addition of the one year work experience will make Florida substantially equivalent to other states under the Uniform Accountancy Act.”
- “In the short term there should not be an increase in the number of licensees or associated fees. Long term effect of this bill should increase the number of licensees and associated fees. The Board of Accountancy feels by allowing students to sit for the exam as undergraduates they are vested in the profession at a much earlier age and are much more likely to complete the steps to obtain licensure.”

D. STATEMENT OF THE SPONSOR

No statement of the sponsor submitted.

**IV. AMENDMENTS/COUNCIL SUBSTITUTE CHANGES**