

**The Florida Senate**  
**BILL ANALYSIS AND FISCAL IMPACT STATEMENT**

(This document is based on the provisions contained in the legislation as of the latest date listed below.)

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Prepared By: The Professional Staff of the Committee on Governmental Oversight and Accountability

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BILL: CS/SB 954

INTRODUCER: Regulated Industries Committee and Senator Gruters

SUBJECT: Certified Public Accountants

DATE: January 26, 2024

REVISED: \_\_\_\_\_

|    | ANALYST                     | STAFF DIRECTOR              | REFERENCE | ACTION                      |
|----|-----------------------------|-----------------------------|-----------|-----------------------------|
| 1. | <u>Oxamendi</u>             | <u>Imhof</u>                | <u>RI</u> | <b>Fav/CS</b>               |
| 2. | <u>McVaney</u>              | <u>McVaney</u>              | <u>GO</u> | <b>Pre-meeting</b>          |
| 3. | <u>                    </u> | <u>                    </u> | <u>RC</u> | <u>                    </u> |

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**Please see Section IX. for Additional Information:**

COMMITTEE SUBSTITUTE - Substantial Changes

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**I. Summary:**

CS/SB 954 permits a certified public accountant (CPA) to place his or her license in a retired status. If a licensee with a retired status license reenters the workforce in a position that has an association with accounting or any of the CPA services, the licensee automatically loses the retired status. However, a retired licensee may serve without compensation on a board of directors or board of trustees, provide volunteer tax preparation services, participate in government-sponsored business mentoring programs, or participate in an advisory role for a similar charitable, civic, or nonprofit organization. A retired licensee may reactivate a license in a conditional manner determined by the Florida Board of Accountancy, which requires the payment of fees and the completion of required continuing education specified in the bill.

The bill amends s. 473.302(9), F.S., to revise the definition of “Uniform Accountancy Act” to reference the current Eighth Edition, dated January 2018 and published by the American Institute of Certified Public Accountants and the National Association of State Boards of Accountancy. The Uniform Accountancy Act provides uniform standards for the regulation of accountancy.

The bill is not expected to impact state or local government revenues and expenditures.

The bill takes effect July 1, 2024.

## **II. Present Situation:**

### **Certified Public Accountants**

The Florida Board of Accountancy (board) within the Department of Business and Professional Regulation (DBPR) is responsible for regulating and licensing of nearly 41,760 active CPAs and more than 5,400 accounting firms in Florida.<sup>1</sup> The Division of Certified Public Accounting provides administrative support to the nine-member board, which consists of seven CPAs and two laypersons.<sup>2</sup>

A CPA is an individual who holds a license to practice public accounting in this state under ch. 473, F.S., or an individual who is practicing public accounting in this state pursuant to the practice privilege granted in s. 473.3141, F.S.<sup>3</sup>

Section 473.302(8), F.S., defines the practice of public accounting to include offering to the public the performance of services involving audits, reviews, compilations, tax preparation, management advisory or consulting services, or preparation of financial statements. To engage in the practice of public accounting,<sup>4</sup> an individual or firm must be licensed pursuant to ss. 473.308 or 473.3101, F.S., and business entities must meet the requirements of s. 473.309, F.S.

### **CPA Licensing**

Section 473.308, F.S., provides licensing requirements for CPAs. To be licensed as a CPA, a person must be of good moral character, pass the licensure exam, and have at least 150 semester hours of education with a focus on accounting and business.<sup>5</sup> CPA licenses must be renewed on a biennial basis through procedures adopted by the DBPR.<sup>6</sup>

### **Continuing Education**

As a part of the license renewal procedure, CPAs are required to submit proof satisfactory to the board that, during the two years prior to the application for renewal, they have successfully completed not less than 48 or more than 80 hours of continuing professional education programs in public accounting subjects approved by the board.<sup>7</sup> The board has the authority to prescribe by rule additional continuing professional education hours, not to exceed 25 percent of the total hours required, for failure to complete the hours required for renewal by the end of the reestablishment period.<sup>8</sup>

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<sup>1</sup> Department of Business and Professional Regulation, *Fiscal Year 2022-2023 Annual Report*, page 12 (on file with the Senate Regulated Industries Committee).

<sup>2</sup> Section 473.303, F.S.

<sup>3</sup> See s. 473.302(4), F.S. Section 473.3141, F.S., permits a person who does not have an office in Florida to practice public accountancy in this state without obtaining a license under ch. 473, F.S., notifying or registering with the board, or paying a fee if the person meets the required criteria.

<sup>4</sup> Section 473.302(8), F.S., defines the terms “practice of,” “practicing public accountancy,” and “public accounting.”

<sup>5</sup> Sections 473.308(2)-(5), F.S.

<sup>6</sup> Section 473.311(2), F.S.

<sup>7</sup> Section 473.312(1)(a), F.S.

<sup>8</sup> *Id.*

Not less than 10 percent of the total continuing education hours required by the board shall be in accounting-related and auditing-related subjects, as distinguished from federal and local taxation matters and management services.<sup>9</sup>

Not less than five percent of the continuing education must be in ethics applicable to the practice of public accounting, including a review of the provisions of ch. 455, F.S., relating to the regulations of businesses and professions, ch. 473, F.S., and the related administrative rules. This requirement must be administered by providers approved by the board.<sup>10</sup>

### ***Inactive Licenses***

Section 473.313(1), F.S., permits a Florida-licensed CPA to request that their license be placed on inactive status. Licenses may also be placed on inactive status for failing to complete, or failure to report completion of, the continuing education requirements.<sup>11</sup> The board is authorized to adopt rules establishing fees for placing a license on inactive status, renewal of inactive status, and reactivation of an inactive license.<sup>12</sup>

A CPA may reactivate an inactive license by paying the DPBR a \$250 application fee<sup>13</sup> and providing certification that the CPA has completed the education requirements.<sup>14</sup> If a license that was placed on inactive status for failure to report completed continuing education requirements is inactive on January 1, the applicant must submit a complete application to the board by March 15 immediately after the delinquent period.<sup>15</sup>

### ***Retired Status***

Florida law does not currently provide CPAs the option of placing licenses into a retired status as an alternative to an inactive status.

The American Institute of Certified Public Accountants (AICPA) estimated that, as of 2015, approximately 75 percent of its members would be eligible to retire by 2020.<sup>16</sup> In order to allow a retired CPA to continue to serve their communities without remaining an active CPA in practice, the AICPA's Board of Directors and the National Association of State Boards of Accountancy Board of Directors each approved changes in the Uniform Accountancy Act to provide for the creation of a Retired-CPA status. The changes allow inactive CPAs at least 55 years of age to place the word "retired" after their CPA title, in lieu of "inactive," with appropriate registration with their state board; offer volunteer tax preparation services; participate in government-sponsored business mentoring programs; and serve on the board of a

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<sup>9</sup> Section 473.312(1)(b), F.S.

<sup>10</sup> Section 473.312(1)(c), F.S.

<sup>11</sup> Sections 473.313(2) and (3), F.S.

<sup>12</sup> See Rule 61H1-33.006, F.A.C. (2021).

<sup>13</sup> Rule 61H1-31.006, F.A.C. (2021).

<sup>14</sup> Section 473.313(3), F.S.

<sup>15</sup> *Id.*

<sup>16</sup> American Institute of Certified Public Accountants, *Proposed Revisions to AICPA/NASBA Uniform Accountability Act 2015*, at <https://us.aicpa.org/content/dam/aicpa/advocacy/state/downloadabledocuments/inactive-retired-exposure-draft-nov-2015.pdf> (last visited Jan. 23, 2024).

non-profit organization. All of these activities must be uncompensated, and the applicant must have a license in good standing.<sup>17</sup>

### **Uniform Accountancy Act**

Section 473.302(9), F.S., defines the term “Uniform Accountancy Act” to mean the Uniform Accountancy Act, Seventh Edition, dated May 2014 and published by the American Institute of Certified Public Accountants and the National Association of State Boards of Accountancy. The Uniform Accountancy Act provides uniform standards for the regulation of accountancy. The current edition is the eighth edition, dated January 2018.<sup>18</sup>

## **III. Effect of Proposed Changes:**

### **Retired Status**

Under current law, a CPA licensed in Florida is not permitted to place her or his license in a retired status. The bill amends s. 473.313(2), F.S., to permit a Florida-licensed CPA to submit an application to the DBPR to place a CPA license in a retired status if the licensee:

- Is at least 65 years of age;
- Holds a current active or inactive license; and
- Is in good standing and not the subject of any sanction or disciplinary action.

**Section 1** authorizes the board to prescribe by rule the application for placing a license into retired status. The application must state that the applicant has no association with accounting or any of the services defined in s. 473.302(8), F.S.

Under the bill, a licensee in retired status who reenters the workforce in a position that has an association with accounting, or any related services defined in s. 473.302(8), F.S., automatically loses his or her retired status.

The bill provides that the term “retired licensee” for the purposes of a retired license status in s. 473.313(2), F.S., means a licensee whose license has been placed in a retired status by the department.

The bill authorizes a retired licensee to serve without compensation on a board of directors or board of trustees, provide volunteer tax preparation services, participate in government-sponsored business mentoring program, such as the Internal Revenue Service’s Volunteer Income Tax Assistance program or the Small Business’s SCORE program, or participate in an advisory role for a similar charitable, civic, or nonprofit organization.

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<sup>17</sup> Uniform Accountancy Act of 2018, s. 6(d). on p. 34, at <https://us.aicpa.org/content/dam/aicpa/advocacy/state/downloadabledocuments/uaa-eighth-edition-january-2018.pdf> (last visited Jan. 23, 2024).

<sup>18</sup> See Uniform Accountancy Act of 2018, at <https://us.aicpa.org/content/dam/aicpa/advocacy/state/downloadabledocuments/uaa-eighth-edition-january-2018.pdf> (last visited Jan. 23, 2024).

A retired licensee will be required by the board to affirm in writing his or her understanding of the limited types of activities in which he or she may engage while in retired status and that he or she has a professional duty to ensure that the retired licensee holds the professional competencies necessary to participate in such activities.

Under the bill, a retired licensee may accept routine reimbursement for actual costs of travel and meals associated with volunteer services or de minimis per diem amounts paid to the retired licensee to cover such expenses as allowed by law.

Retired licensees are permitted to use the title of “retired CPA,” but may not offer or render professional services that require her or his signature and use of the CPA title, regardless of whether the word “retired” is attached to such title.

However, a “retired CPA” title may not be used in any such a manner that could confuse the public as to the current status of the licensee, and may not offer or render professional services that require her or his signature and the use of the CPA title, regardless of whether “retired” is attached to such title.

Retired licensees are not required to have a certificate issued with the word “retired” on the certificate and are not required to maintain the continuing education requirements set forth in s. 473.312, F.S.

A retired licensee may reactivate his or her license in a conditional manner determined by the board, which must require the payment of fees and the completion of any required continuing education. The board may prescribe by rule the reactivation application.

Under the bill the continuing education requirements for reactivation are those of the most recent biennium plus one-half of the continuing education requirements in s. 473.312, F.S., for each license biennium or part thereof during which the license was on retired status.

### **Uniform Accountancy Act**

**Section 2** amends s. 473.302(9), F.S., to revise the definition of “Uniform Accountancy Act” to reference the current Eighth Edition, dated January 2018 and published by the American Institute of Certified Public Accountants and the National Association of State Boards of Accountancy. The Uniform Accountancy Act provides uniform standards for the regulation of accountancy.

### **Effective Date**

The bill takes effect July 1, 2024.

## **IV. Constitutional Issues:**

### **A. Municipality/County Mandates Restrictions:**

Not applicable. The bill does not require counties and municipalities to spend funds, reduce counties’ or municipalities’ ability to raise revenue, or reduce the percentage of state tax shared with counties and municipalities.

**B. Public Records/Open Meetings Issues:**

None.

**C. Trust Funds Restrictions:**

None.

**D. State Tax or Fee Increases:**

Section 19(a), Article VII of the State Constitution limits the authority of the legislature to enact legislation that imposes a new state tax or fee by requiring such legislation to be approved by a 2/3 vote in each chamber of the legislature. Section 19(e), Article VII of the Florida Constitution provides that a state tax or fee imposed, authorized, or raised must be contained in a separate bill that contains no other subject.

The bill permits a licensed CPA in retired status to reactivate his or her license in a conditional manner determined by the Florida Board of Accountancy. The bill requires that the conditions for the reactivation of a license in retired status must include the payment of fees. The board currently has the authority to impose a fee for the reactivation of an inactive license. Because the bill requires the board to impose a fee of an unknown amount for the reactivation of a license in retired status, it is unclear if the voting and separate bill requirements found in the State Constitution apply to the bill.

**E. Other Constitutional Issues:**

None identified.

**V. Fiscal Impact Statement:****A. Tax/Fee Issues:**

None.

**B. Private Sector Impact:**

A retired CPA wishing to reactivate her or his license will be subject to reactivation fees in an amount determined by the board and the expense of completing required continuing education hours.

**C. Government Sector Impact:**

The DBPR estimates that the technological modifications required to administer the provisions of the bill may be made with existing resources.<sup>19</sup>

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<sup>19</sup> See Department of Business and Professional Regulation, 2024 Agency Legislative Bill Analysis for SB 954 (Dec. 20, 2023) (on file with the Senate Regulated Industries Committee).

**VI. Technical Deficiencies:**

It is not clear how a licensee whose license is on “retired” automatically loses this status after reentering the workforce in specific positions. The board must be notified in some manner in order to change the licensee’s status.

On line 83, the phrase “except as provided in paragraph (a)” should be deleted because no exception exists under the bill.

**VII. Related Issues:**

None.

**VIII. Statutes Affected:**

This bill substantially amends sections 473.313 and 473.302 of the Florida Statutes.

**IX. Additional Information:**

- A. **Committee Substitute – Statement of Substantial Changes:**  
(Summarizing differences between the Committee Substitute and the prior version of the bill.)

**CS by Regulated Industries on January 16, 2024:**

The committee substitute (CS) removes from the bill the continuing education requirement for reactivation of a retired license requiring 120 hours of continuing education, including at least 30 hours in accounting-related and auditing-related subjects, a minimum of eight hours of Florida-specific ethics, and not more than 30 hours of behavioral subjects. The CS provides that the continuing education requirements for reactivation are those of the most recent “license biennium” (instead of “year”) plus one-half of the continuing education requirements in s. 473.312, F.S., for each license biennium or part thereof during which the license was on retired status.

- B. **Amendments:**

None.