

STORAGE NAME: h0299a.cu
DATE: March 10, 1997

**HOUSE OF REPRESENTATIVES
COMMITTEE ON
COLLEGES AND UNIVERSITIES
BILL ANALYSIS & ECONOMIC IMPACT STATEMENT**

BILL #: HB 299

RELATING TO: CPA Education Assistance Program

SPONSOR(S): Representative Meek

STATUTE(S) AFFECTED: Creates section 473.3065, Florida Statutes.

COMPANION BILL(S): None.

ORIGINATING COMMITTEE(S)/COMMITTEE(S) OF REFERENCE:

- (1) COLLEGES AND UNIVERSITIES YEAS 9 NAYS 0
- (2) BUSINESS REGULATION AND CONSUMER AFFAIRS
- (3) GENERAL GOVERNMENT FISCAL
- (4)
- (5)

I. SUMMARY:

The bill creates s. 473.3065, Florida Statutes, which establishes the Certified Public Accountant (CPA) Education Assistance Program for Florida residents. The purpose of the program is to provide scholarships to minority students enrolled in their fifth year of an accounting program at institutions approved by the Board of Accountancy (Board). The fifth year references the 30 semester hours required, in addition to the accounting baccalaureate degree or its equivalent, for someone to sit for the CPA examination.

A five member advisory committee is created to assist the Board in administering the program. The committee membership consists of five Florida CPAs appointed by the Board and must be diverse and representative of gender, ethnic, and racial status.

The funding for scholarships is provided by a special fee, not to exceed \$10 per licensee. The fee will be deducted from existing fees collected from each licensee, deposited into a special account with the Department of Business and Professional Regulation, and earmarked for scholarships.

Due to all scholarship funds being deducted from existing fees paid by licensees, the bill will have no fiscal impact on state government, and none on local government or the private sector.

II. SUBSTANTIVE ANALYSIS:

A. PRESENT SITUATION:

Chapter 473, Florida Statutes, currently deals with the regulation of Certified Public Accountants (CPA) in Florida. It establishes education, experience, examination, and other requirements for sitting for the CPA examination in Florida. It also provides the basis and general guidelines for the acceptable practice in Florida as a CPA. Additionally, chapter 473 authorizes the Board of Accountancy to establish certain board-approved specialties.

The fee caps for the various application, examination, and renewal fees for CPAs are established by statute, but the actual fee is set by vote of the Board of Accountancy. The statutory fee cap for renewals is \$250, and the actual fee charged for two year licensure is \$100.

The Board is currently authorized by statute to collect from each licensee, a \$5 fee which is earmarked for the Department of Business and Professional Regulation (DBPR) to combat unlicensed activities. The \$5 fee for unlicensed activity is either added to the regular licensure fee or taken from the current licensure fee if possible.

Minority person is defined within s. 288.703(3), F.S., as a lawful, permanent resident of Florida who is African American, Hispanic American, Asian American, Native American or an American woman.

B. EFFECT OF PROPOSED CHANGES:

The bill creates s. 473.3065, Florida Statutes, which establishes the certified public accountant education assistance program for Florida residents. The purpose of the program is to provide scholarships to minority students enrolled in their fifth year of an accounting program at institutions approved by the Board of Accountancy (Board). According to the Board, the phrase "in their fifth year of an accounting program" simply represents a commonly used phrase referencing the additional 30 semester hours above the accounting baccalaureate degree that a student must attain before sitting for the CPA examination. The additional credit hours are required by s. 473.306(2)(b)2., Florida Statutes. A five-member advisory committee is created to assist the Board in administering the new program.

The advisory committee membership consists of five Florida CPAs appointed by the Board. Committee membership must be diverse and representative of gender, ethnic, and racial status. The chairman must be a member of the Board, one member must represent the National Association of Black Accountants, one member must represent the Cuban-American CPA Association, and the two remaining members are to be selected at large. The term for initial appointments and subsequent appointments are determined by the Board. The advisory committee members (excluding the Board member) are to serve without compensation. Expenses incurred are to be borne by the member or organization the member represents.

The scholarships are funded from a special fee not to exceed \$10 per licensee. This fee is to be deducted from existing fees collected from each licensee, and deposited into a special account within the Professional Regulation Trust Fund earmarked for scholarships. DBPR is prohibited from allocating overhead charges to this account. Funds for scholarships may only be disbursed upon recommendation of the advisory committee and approval of the Board. Interest earnings must be credited to the education assistance program account.

The Board is to establish by rule, criteria for awarding scholarships. The Board must also establish rules relating to eligibility criteria, application procedures, amounts and time period for scholarships, annual amount of scholarships, and minimum balance to be maintained. Eligibility for scholarships must include as a minimum, financial need, ethnic, gender or racial minority status according to s. 288.703, F.S., and scholastic ability and performance. Determinations made by the Board regarding the recipients of scholarships are not considered an agency action for purposes of chapter 120.

C. APPLICATION OF PRINCIPLES:

1. Less Government:

a. Does the bill create, increase or reduce, either directly or indirectly:

(1) any authority to make rules or adjudicate disputes?

The bill authorizes the Board of Accountancy to establish rules to implement the scholarship program.

(2) any new responsibilities, obligations or work for other governmental or private organizations or individuals?

Any staffing for the bill would come from the Board of Accountancy. The Department of Business and Professional Regulation indicates that the program will not require additional staffing.

(3) any entitlement to a government service or benefit?

No.

b. If an agency or program is eliminated or reduced:

(1) what responsibilities, costs and powers are passed on to another program, agency, level of government, or private entity?

The Board of Accountancy would have responsibility for the administration of the scholarship program.

(2) what is the cost of such responsibility at the new level/agency?

None.

(3) how is the new agency accountable to the people governed?

Not Applicable.

2. Lower Taxes:

a. Does the bill increase anyone's taxes?

No.

b. Does the bill require or authorize an increase in any fees?

No, although license fees would support the program, the Board of Accountancy will derive funding from existing fee resources.

c. Does the bill reduce total taxes, both rates and revenues?

Not Applicable.

d. Does the bill reduce total fees, both rates and revenues?

No.

e. Does the bill authorize any fee or tax increase by any local government?

No.

3. Personal Responsibility:

a. Does the bill reduce or eliminate an entitlement to government services or subsidy?

No.

b. Do the beneficiaries of the legislation directly pay any portion of the cost of implementation and operation?

No, it is a scholarship program.

4. Individual Freedom:

- a. Does the bill increase the allowable options of individuals or private organizations/associations to conduct their own affairs?

Not applicable.

- b. Does the bill prohibit, or create new government interference with, any presently lawful activity?

Not applicable.

5. Family Empowerment:

- a. If the bill purports to provide services to families or children:

- (1) Who evaluates the family's needs?

Not applicable.

- (2) Who makes the decisions?

Not applicable.

- (3) Are private alternatives permitted?

Not applicable.

- (4) Are families required to participate in a program?

Not applicable.

- (5) Are families penalized for not participating in a program?

Not applicable.

- b. Does the bill directly affect the legal rights and obligations between family members?

No.

- c. If the bill creates or changes a program providing services to families or children, in which of the following does the bill vest control of the program, either through direct participation or appointment authority:

(1) parents and guardians?

Not applicable.

(2) service providers?

Not applicable.

(3) government employees/agencies?

Not applicable.

D. SECTION-BY-SECTION ANALYSIS:

This section need be completed only in the discretion of the Committee.

III. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT:

A. FISCAL IMPACT ON STATE AGENCIES/STATE FUNDS:

1. Non-recurring Effects:

None, the Department of Business and Professional Regulation (DBPR) indicated that this bill could be implemented with existing staff.

2. Recurring Effects:

None. DBPR indicated that this bill could be implemented with existing staff.

3. Long Run Effects Other Than Normal Growth:

None.

4. Total Revenues and Expenditures:

The bill permits the Board of Accountancy to deduct a special fee, not to exceed \$10, from the existing license fee paid by each licensee. All of the money would be used for scholarships and none can be used for administrative expenses. Presently, there are 22,000 active CPA licenses and 2,385 licensed accountancy firms, for a total of 24,385 licensees. If the Board assessed the full \$10, \$243,850 would be deducted from existing license fees every two years for scholarships. DBPR has indicated that the additional expenses would be minimal. Expenditures from the education assistance account are limited to \$100,000 per year.

STORAGE NAME: h0299a.cu

DATE: March 10, 1997

PAGE 7

B. FISCAL IMPACT ON LOCAL GOVERNMENTS AS A WHOLE:

1. Non-recurring Effects:

None.

2. Recurring Effects:

None.

3. Long Run Effects Other Than Normal Growth:

None.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

1. Direct Private Sector Costs:

None.

2. Direct Private Sector Benefits:

Indeterminate.

3. Effects on Competition, Private Enterprise and Employment Markets:

Indeterminate.

D. FISCAL COMMENTS:

None.

IV. CONSEQUENCES OF ARTICLE VII, SECTION 18 OF THE FLORIDA CONSTITUTION:

A. APPLICABILITY OF THE MANDATES PROVISION:

Not applicable.

B. REDUCTION OF REVENUE RAISING AUTHORITY:

Not applicable.

C. REDUCTION OF STATE TAX SHARED WITH COUNTIES AND MUNICIPALITIES:

Not applicable.

STORAGE NAME: h0299a.cu

DATE: March 10, 1997

PAGE 8

V. COMMENTS:

None.

VI. AMENDMENTS OR COMMITTEE SUBSTITUTE CHANGES:

None.

VII. SIGNATURES:

COMMITTEE ON COLLEGES AND UNIVERSITIES:

Prepared by:

Legislative Research Director:

Scott Jenkins

Betty Tilton Ph.D.