

**STORAGE NAME:** h1051.sgc.doc  
**DATE:** April 19, 2001

**HOUSE OF REPRESENTATIVES  
AS REVISED BY THE  
COUNCIL FOR SMARTER GOVERNMENT  
ANALYSIS**

**BILL #:** HB 1051  
**RELATING TO:** Public Accountancy  
**SPONSOR(S):** Representative(s) Andrews

**TIED BILL(S):**

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

- (1) BUSINESS REGULATION YEAS 8 NAYS 0
  - (2) COUNCIL FOR SMARTER GOVERNMENT YEAS 12 NAYS 0
  - (3)
  - (4)
  - (5)
- 

**I. SUMMARY:**

Chapter 473, F.S., provides for the regulation of certified public accountants (CPAs) under the jurisdiction of the Board of Accountancy (board), under the Division of Certified Public Accountants within the Department of Business and Professional Regulation (DBPR). Qualifications for licensure include meeting the requirements for good moral character, formal education, and successful completion of the licensure examination.

Chapter 473, F.S., further provides standards for operating as a CPA, such as, limitations on commissions or referral fees, client privileged communications, and prohibited activities, generally. Disciplinary proceedings and penalties are also provided. A CPA is authorized to maintain the license in an active or inactive status if statutory requirements are satisfied.

The bill authorizes the Board of Accountancy at its discretion to reinstate and reactivate a voided CPA license. The bill requires the former CPA to attempt to comply with the statutory requirements for maintaining a license in inactive status but creates an exemption from the inactive status requirements if the failure to comply is a result of illness or unusual hardship.

The bill provides for the immediate suspension of a CPA who fails to comply with the terms of a final disciplinary order.

On April 12, 2001, the Committee on Business Regulation adopted three amendments that are traveling with the bill. One technical amendment, one to remove the authority to immediately suspend a CPA license, and one to clarify an individual file an application to request reinstatement.

II. SUBSTANTIVE ANALYSIS:

A. DOES THE BILL SUPPORT THE FOLLOWING PRINCIPLES:

- |                                   |                              |                             |   |
|-----------------------------------|------------------------------|-----------------------------|---|
| 1. <u>Less Government</u>         | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 2. <u>Lower Taxes</u>             | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 3. <u>Individual Freedom</u>      | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 4. <u>Personal Responsibility</u> | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 5. <u>Family Empowerment</u>      | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |

For any principle that received a "no" above, please explain:

B. PRESENT SITUATION:

Chapter 473, F.S., provides for the regulation of CPAs under the jurisdiction of the Board of Accountancy (Board) within the DBPR, Division of Certified Public Accountants. Qualifications for licensure include meeting the requirements for good moral character, formal education, and successful completion of the licensure examination.

Chapter 473, F.S., further provides standards for operating as a CPA, such as, limitations on commissions or referral fees, contingent fees, client privileged communications, and prohibited activities, generally. Disciplinary proceedings and penalties are also provided. With exceptions, an accountant is limited to conducting accounting services under the license issued by the Board.

Section 473.313, F.S., authorizes a CPA to maintain the license in inactive status if statutory requirements are satisfied. These requirements include making application to the DBPR, paying fees, completing prescribed continuing education courses, and passing an examination on chapter 455, F.S., relating to the general powers of the DBPR, chapter 473, F.S., relating to the practice of public accountancy, and related administrative rules.

Section 455.271, F.S., further allows a licensee to maintain a license in active or inactive status. A licensee is required to biennially renew an active license, as well as, an inactive license. Failure to renew before the expiration of the term of the license causes the licensee to be in delinquent status. If the licensee further fails to renew the status of the license as active or inactive before the expiration of the current licensure cycle, the license becomes null by operation of law. A person whose license has been voided is required to meet all prerequisites for an initial license if subsequent licensure is desired.

C. EFFECT OF PROPOSED CHANGES:

The bill authorizes the Board of Accountancy at its discretion to reinstate and reactivate a voided CPA license. The bill requires the former CPA to attempt to comply with the statutory requirements for maintaining a license in inactive status but creates an exemption from the inactive status requirements if the failure to comply is a result of illness or unusual hardship.

The bill provides for the immediate suspension of a CPA who fails to comply with the terms of a final disciplinary order.

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 GOVERNMENT:

1. Revenues:

The bill allows a license that has expired to be reactivated along with the payment of a fee to be determined by the board. Revenues to the state are anticipated to be insignificant.

2. Expenditures:

None anticipated beyond normal board and DBPR duties.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

N/A

2. Expenditures:

N/A

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

The evident impact on the private sector is the opportunity to regain licensure notwithstanding hardships associated with the failure to meet statutory requirements. The economic impact would be associated with the payment of pertinent fees associated with unvoiding a license.

D. FISCAL COMMENTS:

None.

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

A. APPLICABILITY OF THE MANDATES PROVISION:

This bill does not require counties or municipalities to spend funds or take an action requiring the expenditure of funds.

B. REDUCTION OF REVENUE RAISING AUTHORITY:

This bill does not reduce the authority that counties or municipalities have to raise revenues.

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

This bill does not reduce the percentage of a state tax shared with counties or municipalities.

V. COMMENTS:

A. CONSTITUTIONAL ISSUES:

None noted.

B. RULE-MAKING AUTHORITY:

The bill provides discretion to the board to allow a former CPA to be licensed after the initial license has been voided. The bill also allows the board discretion to create standards to be met by the applicant for relicensure. Whether the board will adopt rules to carry out this authority or will issue the license with conditions imposed by the board on a case-by-case basis is left to the discretion of the board.

C. OTHER COMMENTS:

None.

VI. AMENDMENTS OR COMMITTEE SUBSTITUTE CHANGES:

On April 12, 2001, the Committee on Business Regulation adopted three amendments that are traveling with the bill.

Amendment 1 deletes the authority of the DBPR to immediately suspend a CPA license.

Amendment 2 is technical to correct a reference to "license" rather than "licensee."

Amendment 3 clarifies an individual must file an application and pay an application fee to request reinstatement by the board.

VII. SIGNATURES:

COMMITTEE ON BUSINESS REGULATION:

Prepared by:

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