

**HOUSE OF REPRESENTATIVES STAFF ANALYSIS**

**BILL #:** HB 175                                Public Accountancy  
**SPONSOR(S):** Precourt and others  
**TIED BILLS:**                                       **IDEN./SIM. BILLS:** SB 640

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR
1) <u>Jobs &amp; Entrepreneurship Council</u>			
2) <u>Committee on Business Regulation</u>	<u>8 Y, 0 N</u>	<u>Livingston</u>	<u>Liepshutz</u>
3) _____			
4) _____			
5) _____			

**SUMMARY ANALYSIS**

Certified public accountants (CPA)s are regulated under the jurisdiction of the Board of Accountancy (board) within the Department of Business and Professional Regulation, 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.

In order to take the CPA licensure examination, certain education qualifications must be met including at least 30 semester or 45 quarter hours of formal education in excess of the hours required for a baccalaureate 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. Many, but not all, states have adopted this standard for licensure.

Since 1986, Florida has allowed five years of out-of-state practice as a licensed CPA as an alternative to the additional 30 semester hours beyond the baccalaureate degree requirement. To encourage other states to adopt the fifth year standard, the time frame for out-of-state CPAs to utilize the work experience alternative to attain Florida licensure was established and has been extended three times. Since 2004 this work experience may also be substituted if the experience is obtained in Florida under the direct supervision of a Florida licensed CPA. The window for the work experience allowance is currently scheduled to be closed on October 1, 2008.

The bill repeals the 2008 deadline thus allowing the work experience alternative to formal education to become permanently available.

The bill does not appear to have a fiscal impact on state or local governments.

## FULL ANALYSIS

### I. SUBSTANTIVE ANALYSIS

#### A. HOUSE PRINCIPLES ANALYSIS:

Does not appear to be applicable.

#### B. EFFECT OF PROPOSED CHANGES:

##### Present situation

Chapter 473, F.S., provides for the regulation of certified public accountants (CPA)s under the jurisdiction of the Board of Accountancy (board) within the Department of Business and Professional Regulation, Division of Certified Public Accountants. The practice of public accounting is defined in s. 473.302, F.S., to include offering or performing services using accounting skills, as well as, services related to financial statements, and “. . . tax, management advisory, and consulting services . . .” Qualifications for licensure include meeting the requirements for good moral character, formal education, and successful completion of the licensure examination.

In order to take the CPA licensure examination, certain education qualifications must be met. Section 473.306(2)(b)2, F.S., requires, in part, at least 30 semester or 45 quarter hours in excess of the hours required for a baccalaureate degree to sit for the CPA examination. This is commonly referred to as the 5th year/150 hour requirement which is also a part of the national standards of the American Institute of Certified Public Accountants (AICPA). Many, but not all, states have adopted this standard for licensure.

Section 473.308(4), F.S., provides that an applicant may substitute five years of work experience for the extra education credits required beyond the baccalaureate degree. Since 1986, Florida has allowed five years of out-of-state practice as a licensed CPA as an alternative to the additional 30 semester hours beyond the baccalaureate degree requirement. To compensate for the failure of the several states that have not adopted the fifth year standard, the time frame for out-of-state CPAs to utilize the work experience alternative to attain Florida licensure has already been extended three times. The work experience alternative to the additional hours required for licensure was amended in 2004 and thus is also available to an individual who has work experience in Florida. The work experience allowance is currently available until October 1, 2008.

A person has two alternatives to meet Florida's CPA licensure standards if they have not completed the 5<sup>th</sup> year requirement: 1) go back to school for the additional 30 semester hours of education, or 2) go to work outside the state or in Florida for 5 years in public accounting as a substitute for the additional 30 hours.

##### Effect of Proposed Changes

The bill repeals the 2008 deadline thus allowing the work experience alternative to formal education to become permanently available.

#### C. SECTION DIRECTORY:

Section 1. Amends s. 473.308, F.S., to allow work experience as an alternative to formal education.

Section 2. Effective date - July 1, 2007.

## 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:

NA.

2. Expenditures:

NA.

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

Not anticipated to be a significant economic impact.

### D. FISCAL COMMENTS:

None.

## III. COMMENTS

### A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

NA.

2. Other:

None noted.

### B. RULE-MAKING AUTHORITY:

NA

### C. DRAFTING ISSUES OR OTHER COMMENTS:

None.

### D. STATEMENT OF THE SPONSOR

No statement submitted.

## IV. AMENDMENTS/COUNCIL SUBSTITUTE CHANGES

On February 8, 2007, the Committee on Business Regulation adopted one amendment and passed the bill out of committee by unanimous vote. The amendment clarifies that the 80 hours of continuing professional education for CPA license renewal does not have to be live or in the classroom but may include other board approved programs, such as internet based self-study continuing education programs.