

**The Florida Senate**  
**PROFESSIONAL STAFF ANALYSIS AND ECONOMIC IMPACT STATEMENT**

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

Prepared By: Regulated Industries Committee

BILL: SB 640

INTRODUCER: Senator Haridopolos

SUBJECT: Public Accountancy/Licensure

DATE: February 22, 2007      REVISED: \_\_\_\_\_

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Oxamendi	Imhof	RI	Fav/1 amendment
2.	_____	_____	_____	_____
3.	_____	_____	_____	_____
4.	_____	_____	_____	_____
5.	_____	_____	_____	_____
6.	_____	_____	_____	_____

**Please see last section for Summary of Amendments**

- Technical amendments were recommended
- Amendments were recommended
- Significant amendments were recommended

**I. Summary:**

The bill deletes the October 1, 2008 deadline to apply for licensure as a CPA under a licensing option that permits applicants to substitute five years of experience for a 5<sup>th</sup> year of education requirement. The bill would make this option permanent.

This bill substantially amends section 473.308, Florida Statutes.

**II. Present Situation:**

Section 473.303, F.S., creates the Board of Accountancy (board) within the Department of Business and Professional Regulation (department) to regulate the practice of public accountancy. The Division of Certified Public Accounting performs for the board all services concerning the enforcement of ch. 473, F.S., including, but not limited to, recordkeeping services, examination services, legal services, and investigative services, and those services in ch. 455, F.S., necessary to perform the board's duties under the chapter.

## Definitions

Section 473.302(4), F.S., defines a “certified public accountant” to mean a person who holds a license to practice public accounting in this state under the authority of ch. 473, F.S.

Section 473.302(7), F.S., defines the “practice of,” “practicing public accountancy,” or “public accounting” to mean:

- (a) Offering to perform or performing for the public one or more types of services involving the expression of an opinion on financial statements, the attestation as an expert in accountancy to the reliability or fairness of presentation of financial information, the utilization of any form of opinion or financial statements that provide a level of assurance, the utilization of any form of disclaimer of opinion which conveys an assurance of reliability as to matters not specifically disclaimed, or the expression of an opinion on the reliability of an assertion by one party for the use by a third party;
- (b) Offering to perform or performing for the public one or more types of services involving the use of accounting skills, or one or more types of tax, management advisory, or consulting services, by any person who is a certified public accountant who holds an active license, including the performance of such services by a certified public accountant in the employ of a person or firm; or
- (c) Offering to perform or performing for the public one or more types of service involving the preparation of financial statements not included within paragraph (a), by a certified public accountant who holds an active license, a firm of certified public accountants, or a firm in which a certified public accountant has an ownership interest, including the performance of such services in the employ of another person. The board shall adopt rules establishing standards of practice for such reports and financial statements; provided, however, that nothing in this paragraph shall be construed to permit the board to adopt rules that have the result of prohibiting licensees employed by unlicensed firms from preparing financial statements as authorized by this paragraph.

However, these terms shall not include services provided by the American Institute of Certified Public Accountants or the Florida Institute of Certified Public Accountants, or any full service association of certified public accounting firms whose plans of administration have been approved by the board, to their members or services performed by these entities in reviewing the services provided to the public by members of these entities.

## Examination and Licensure

Section 473.306, F.S., sets forth the requirements for obtaining a certified public accountant (CPA) license, including examination, education and experience requirements. A person must apply to the department and pass an examination to be licensed as a CPA.<sup>1</sup> Section 473.306(2)(b)2., F.S., establishes an educational requirement for persons who apply for licensure

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<sup>1</sup> See s. 473.308, F.S.

after August 1, 1983. The applicant must have a baccalaureate degree with a major in accounting, or its equivalent, and must have at least 30 semester or 45 quarters hours in excess of those required for a four-year baccalaureate degree for a total 150 semester hours. The additional 30 hours must be in a concentration of accounting and business subjects. The additional 30 semester or 45 quarter hour requirement is known as the fifth year requirement.

Section 473.308(4), F.S., provides a work experience alternative to the education requirement of s. 473.306(2)(b)2., F.S. It provides that, for a licensure application made prior to October 1, 2008, the board shall waive the requirements of s. 473.306(2)(b) 2., F.S., that are in excess of a baccalaureate degree if:

- the applicant has at least 5 years of experience in the practice of public accountancy in the United States;
- the applicant has at least 5 years of experience in the practice of public accountancy or its equivalent in a foreign country that the International Qualifications Appraisal Board of the National Association of State Boards of Accountancy has determined has licensure standards that are substantially equivalent to those in the United States; or
- the applicant has at least 5 years of experience as an auditor or accountant in the employment of a unit of federal, state, or local government and that employment required the use of accounting skills as a substantial part of the applicant's duties and was under the supervision of a certified public accountant licensed by a state or territory of the United States.

Section 473.308(4), F.S., further provides that all of the experience used to waive the requirements of s. 473.306(2)(b)2., F.S., must be experience outside this state after licensure by another state or territory of the United States, or after licensure in the practice of public accountancy, or its equivalent, in a foreign country that the International Qualifications Appraisal Board of the National Association of State Boards of Accountancy has determined has licensure standards that are substantially equivalent to those in the United States.

According to the Florida Institute of Certified Public Accountants (FICPA), in response to national standard changes from the American Institute of Certified Public Accountants, Florida passed the 150-hour education requirement in 1979 with an effective date of 1983.<sup>2</sup>

Also, according to FICPA, 48 of 53 states and jurisdictions have established the 150-hour requirement.<sup>3</sup> However, the effective date for this requirement in at least five of the 48 states and jurisdictions range from 2004 to 2009. To compensate for the lagging effective dates of other states, the sunset on this window of opportunity for out-of-state CPA's to use the work experience alternative to the fifth-year education requirement has been extended three times since it was first enacted in 1986.<sup>4</sup>

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<sup>2</sup> Chapter 79-202, s. 5, L.O.F.

<sup>3</sup> California, Colorado, Delaware, New Hampshire, and Vermont have not enacted the 150-hour education requirement.

<sup>4</sup> The waiver in s. 473.408(4), F.S., was first established by ch. 86-102, s.1, L.O.F.; and extended by chs. 94-119, s. 3, 2000-114, and 2004-87, L.O.F.

According to FICPA, if a person comes from a state that does not have the 150-hour requirement, the board would have to deny applications for Florida licensure if the work experience option in s. 473.308(4), F.S., were not available. An applicant may have 10 to 15 years of total accounting experience as a licensed CPA in a governmental position, but that experience would not be sufficient to qualify for licensure.

According to FICPA, the work experience alternative provision to the 5<sup>th</sup> year of education has worked well in Florida by permitting licensed CPA's from other states to apply for licensure in Florida without undue burden, and making this provision permanent is supported by the FICPA and the Florida Board of Accountancy.

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

The bill amends s. 473.308(4), F.S., to delete the October 1, 2008, deadline for applicants for licensure as a CPA to substitute five years of experience for the 5<sup>th</sup> year of education requirement. The bill would make this option permanent.

### **IV. Constitutional Issues:**

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

None.

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

None.

#### **C. Trust Funds Restrictions:**

None.

### **V. Economic Impact and Fiscal Note:**

#### **A. Tax/Fee Issues:**

None.

#### **B. Private Sector Impact:**

None.

#### **C. Government Sector Impact:**

None.

### **VI. Technical Deficiencies:**

None.

**VII. Related Issues:**

None.

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This Senate Professional Staff Analysis does not reflect the intent or official position of the bill's introducer or the Florida Senate.

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## VIII. Summary of Amendments:

### **Barcode 210164 by Regulated Industries:**

The amendment deletes the term “classroom” in s. 473.312(1)(a), F.S., to clarify that the 80 hours of continuing education required for certified public accountants may include self-directed study. (WITH TITLE AMENDMENT)

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