HOUSE RESEARCH ORGANIZATION bill analysis | 4/25/2001 | HB 784 Isett, Homer (CSHB 784 by D. Jones)

SUBJECT: Reducing fees for certain certified public accountants

COMMITTEE: Licensing and Administrative Procedures — committee substitute recommended

VOTE: 5 ayes — Wilson, Yarbrough, D. Jones, J. Moreno, Wise

0 nays

4 absent — Flores, Goolsby, Haggerty, A. Reyna

WITNESSES: For — Robert Owen, Texas Society of Certified Public Accountants

Against — None

BACKGROUND: A certified public accountant (CPA) must pay a biennial license fee to remain licensed to practice. Occupations Code, sec. 901.409 allows the State Board of Public Accountancy to reduce the fee for a person who no longer practices as a CPA because of retirement or permanent disability.

The 76th Legislature in 1999 increased fees for certificates and licenses by $200 and required license holders to pay the board an additional $200 fee in each year that the license holder is not required to pay a license fee. These increases do not apply to federal government employees who cannot practice privately outside the scope of their employment, nor to employees of state agencies that have authorized the payment of the fee increase and additional fee for the license holder.

Certain license holders, including those who are disabled, retired, or not associated with accounting, are exempt from the continuing professional education requirements under Occupations Code, sec. 901.411.

DIGEST: CSHB 784 would mandate a fee reduction for retired or disabled CPAs and for those on inactive status. The license fee could not exceed $50. The State Board of Public Accountancy would have to set requirements for a person to qualify for the fee reduction. The board could adopt different fees for CPAs who were retired, disabled, or on inactive status. Such people also would be exempt from the 1999 fee increases. The board also could exempt CPAs on inactive status from the continuing education requirements.

The bill would prohibit a license holder who was retired, disabled, or on inactive status from practicing accounting. Those on inactive status would have to use the word "inactive" when using "CPA" or other similar designations. The board would have to set procedures for someone to establish inactive status and to return to active status.

This bill would take effect September 1, 2001.

SUPPORTERS SAY:

People who cannot earn income as CPAs because of disability, retirement, or absence due to illness, family, or other needs should not have to pay fees as high as those who are able to practice. A reduced fee would allow these people to keep their license registration current in case they were able to return to practice, without being burdened by the high cost of the normal fee while they were inactive. Other professions, such as the legal profession, have established inactive status provisions. This bill would extend the same courtesy to the accounting profession.

OPPONENTS SAY:

The fact that someone is disabled, retired, or on inactive status does not mean that he or she does not have the financial capability to continue paying the regular fee required to keep a CPA license current. For example, people who can take a leave of absence to rear a child to or attend school should not be favored over those who cannot afford to take a leave of absence because they need the income.

NOTES:

The committee substitute would allow the board to set requirements and procedures for people who wish to be on retired, disabled, or inactive status or to return to work from such status. The filed version would have outlined specific requirements and procedures. The substitute would allow the board to exempt people on inactive status from continuing education requirements. It also added the provision that people on inactive status must use the word "inactive" if the person used an accounting designation.

According to the fiscal note, the Board of Public Accountancy estimates that approximately 4,888 licensees could claim inactive status, with the number increasing by 2 percent annually. The net cost in general revenue-related funds in fiscal 2002-03 would be $2.068 million.