

SUBJECT: Licensing and regulation of accountants.

COMMITTEE: State Affairs--subcommittee members: Stubbeman,
Blythe and Green

DIGEST: The bill establishes the Public Accountants Regulatory Board composed of six members appointed by the governor with senate approval. Two members must be licensed under this act or must have been engaged in public accounting before Jan. 1, 1977. Two must be professors of accounting at a college/university but not C.P.A.'s, and two must represent the general public. Members are not paid but are reimbursed for actual expenses. The board may employ an executive director and staff.

A person may not practice nor hold himself out to be competent to practice as a public accountant unless licensed. The bill does not apply to C.P.A.'s who are certified under the Public Accountancy Act of 1945. Neither does it apply to those who merely prepare tax returns (H&R Block, Sears, etc.)

To become a licensed public accountant a person must: be a high school graduate or have equivalent work experience as determined by the board and must submit an examination fee (\$25), an application, and any other information requested by the board. The board shall prescribe the content of the examination.

The board issues licenses to those who comply with the act for a \$50 fee. Licenses are good for a year. A license may be renewed if a person has completed 20 classroom hours of continuing education during the year and pays a fee (\$25). A license which has been expired for less than five years may be renewed if the person has had 20 classroom hours of continuing education, pays \$25 for each year the license was expired,, and pays a \$25 reinstatement fee.

A license expired for more than 5 years may not be renewed. The person must reapply.

The board may establish rules for denying, suspending or revoking a license and procedures for disciplinary actions. Violation of the act is a Class B misdemeanor.

COMMENTARY: The state statute which was passed in 1945 was originally intended to license C.P.A.'s and public accountants. However, the statute has been used to certify only C.P.A.'s. Public accountants remain unregulated. Further, a recent case (State Board of Public Accountancy v. Fulcher, 515 SW2d 950 (CT. of CIV APP 1974) ruled that a person may not use the term accountant unless he has been certified by the board as a C.P.A. Some accountants don't want to become C.P.A's but want to be able to refer to themselves as accountants. Those who were public accountants before 1945 may still use the term "accountant."

Those who prepare income tax returns are regulated by the Feds.