

BILL ANALYSIS

C.S.H.B. 1520
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Licensing & Administrative Procedures
Committee Report (Substituted)

BACKGROUND AND PURPOSE

The Texas State Board of Public Accountancy regulates the practice of accountancy in Texas and is subject to the Texas Sunset Act. C.S.H.B. 1520 seeks to continue the Texas State Board of Public Accountancy with statutory modifications.

CRIMINAL JUSTICE IMPACT

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

RULEMAKING AUTHORITY

It is the committee's opinion that rulemaking authority is expressly granted to the Texas State Board of Public Accountancy in SECTION 22 of this bill.

ANALYSIS

C.S.H.B. 1520 amends the Occupations Code to postpone from September 1, 2019, to September 1, 2031, the date on which the Texas State Board of Public Accountancy is abolished and the Public Accountancy Act expires unless continued in existence as provided by the Texas Sunset Act.

C.S.H.B. 1520 makes the following updates with respect to the board:

- revises the training required for board members and provides for the development and distribution of a related training manual regarding which board members must annually attest to having received;
- requires a board member who completed the training requirements that existed before the bill's effective date to complete additional training only on the subjects added by the bill;
- prohibits a board member from voting, deliberating, or being counted as a member in attendance at a board meeting held on or after December 1, 2019, until the member completes the additional required training;
- prohibits the board from contracting with outside legal counsel for board legal services unless the contract is approved by the attorney general, regardless of the source of the money to be used to pay the counsel;
- revises provisions related to complaint management and repeals provisions requiring a statistical analysis of complaints;
- provides for public comment at certain board meetings; and
- repeals provisions establishing an advisory committee to advise the board concerning scholarships for fifth-year accounting students.

C.S.H.B. 1520 repeals provisions authorizing the board to adopt a system to investigate the background of an applicant for board certification, for the uniform CPA examination, or for a firm license and to obtain criminal history record information from a law enforcement agency to investigate applicant qualifications. The bill requires the board instead to require certain individuals to submit a complete and legible set of fingerprints to the board or the Department of Public Safety (DPS) for the purpose of obtaining criminal history record information from DPS or the FBI. The bill prohibits the board from allowing an individual to take the uniform CPA examination and from issuing a certificate or license to an individual who does not comply with the fingerprint requirement and authorizes the board to suspend or refuse to renew the license of a renewal applicant who does not comply. A renewal license applicant must first comply not later than September 1, 2021. The bill requires the board to conduct a criminal history record information check based on the submitted fingerprints and certain other information and provides for a related agreement between the board and DPS and for the collection of certain related costs by DPS.

C.S.H.B. 1520 removes and replaces certain subjective requirements for applicants for a license under the Public Accountancy Act, repeals the provision establishing an annual public accountancy firm license term, and requires the board by rule to specify instead the license term. The bill removes the requirement for a public accountancy firm that does not establish or maintain an office in Texas to hold a firm license if the firm performs certain services for an entity with its principal office in Texas. The bill repeals the requirement for an individual who holds a certificate or license as a certified public accountant issued by another state and whose principal place of business is not in Texas to practice through a firm that holds a firm license if the individual performs any of those same services for such an entity. The bill removes the requirement for an applicant for issuance or renewal of a firm license to show that each of its offices in the state are under the supervision of a person who is a certified public accountant under state law or the law of another state. The bill removes certain requirements for owners of a licensed firm who are not board licensed and makes a licensed firm's resident manager responsible for the firm's license.

C.S.H.B. 1520 revises the circumstances under which an office may use the title or designation "certified public accountant" and the abbreviation "CPA." The bill authorizes the attorney general at the board's request to petition a district court for an injunction to prohibit a person who is violating the Public Accountancy Act from continuing the violation and sets out related provisions.

C.S.H.B. 1520 requires the board to adopt or amend any rules necessary to implement the bill's changes.

C.S.H.B. 1520 repeals the following Occupations Code provisions:

- Section 901.163
- Sections 901.253(b) and (c)
- Section 901.351(d)
- Section 901.462(e)
- Section 901.657

EFFECTIVE DATE

September 1, 2019.

COMPARISON OF ORIGINAL AND SUBSTITUTE

While C.S.H.B. 1520 may differ from the original in minor or nonsubstantive ways, the

following summarizes the substantial differences between the introduced and committee substitute versions of the bill.

The substitute removes the requirement for an out-of-state accountancy firm to hold a firm license if providing certain services. The substitute repeals a requirement for an out-of-state certified public accountant practicing in Texas to provide services through a licensed firm if providing those same services.