

SUBJECT: Amending certain provisions regarding accounting certification.

COMMITTEE: Licensing & Administrative Procedures — committee substitute recommended

VOTE: 8 ayes — K. King, Walle, Goldman, Harless, Hernandez, T. King, Patterson, S. Thompson

0 nays

3 absent — Herrero, Schaefer, Shaheen

WITNESSES: For — (*Registered, but did not testify:* Kenneth Besserman, Texas Society of CPAs)

Against — None

On — William “Bill” Treacy, Texas State Board of Public Accountancy (*Registered, but did not testify:* Jerry Hill, TSBPA)

BACKGROUND: Under Business Organizations Code sec. 1.002, "corporation" means an entity governed as a corporation under Title 2 or 7. The term includes a for-profit corporation, nonprofit corporation, and professional corporation.

Under Occupations Code sec. 901.054(b), a Texas State Board of Public Accountancy (TSBPA) member who has served all or part of six consecutive years is not eligible for reappointment until the second anniversary of the expiration date of the member's most recent term.

Under Occupations Code sec. 901.255, certain education eligibility requirements apply to a CPA examination applicant who:

- was enrolled in an accounting program on September 1, 1994;
- notified the board not later than September 1, 1997, of the applicant's intent to take the examination;
- is enrolled in fewer than 12 semester hours in each semester that

- the applicant attends a college or university; and
- completes the accounting program not later than September 1, 2002.

Under Occupations Code sec. 901.304(a), for each CPA examination or reexamination, the Texas State Board of Public Accountancy (TSBPA) collects a fee set by TSBPA rule not to exceed the cost of administering the examination.

Under Occupations Code sec. 901.310(a), TSBPA awards conditional credit to a person who passes two or more subjects in a single CPA examination, takes each part of the examination for which the person is eligible, and attains a minimum grade of 50 percent on each part of the examination the person does not pass.

Under Occupations Code sec. 901.310(b), TSBPA awards credit to a person who attains a passing score on a subsequent examination if the person takes each part of the examination for which the person is eligible and attains a minimum grade of 50 percent on each part of the examination that the person does not pass.

Under Occupations Code sec. 901.310(c), TSBPA considers a person to have passed a CPA examination if the person received credit for each subject by receiving conditional credit after September 1, 1989, and passing the remaining subjects within the six consecutive examinations following the examination for which the person receives conditional credit.

Under Occupations Code sec. 901.355(a), the holder of a certificate, license, or degree authorizing the person to practice public accountancy in a foreign country may register with TSBPA as the holder of a certificate, license, or degree issued by the foreign country, if the board determines that the standards under which the applicant was certified or otherwise authorized to practice public accountancy were at least as high as Texas standards at the time that authority was granted.

Under Occupations Code sec. 901.355(b), to register as a foreign applicant with TSBPA, the person must pay a fee for issuance of a license and a processing fee in an amount set by TSBPA that does not exceed \$250.

Under Occupations Code sec. 901.355(c), a registered as a foreign applicant may renew the registration in the manner provided for renewal of a license.

DIGEST: CSHB 2217 would redefine "corporation" as it is defined in Business Organizations Code sec. 1.002 and remove specific inclusions relating to a professional public accounting corporation organized under the Texas Professional Corporation Act.

CSHB 2217 would remove the eligibility requirements established under Occupations Code sec. 901.255.

CSHB 2217 would amend Occupations Code sec. 901.304(a) to require TSBPA to collect from each applicant a fee set by TSBPA rule not to exceed the cost of administering the parts of the examination that the applicant is eligible to take.

Occupations Code sec. 901.310(c) would be amended to require TSBPA to consider a person to have passed an examination if the person received credit for each subject within the time prescribed by TSBPA.

Occupations Code sec. 901.355(a) would be amended to allow the holder of a public accountancy certificate, license, or degree from a foreign country who, on or before September 1, 2023, registered with TSBPA as the holder of the certificate, license, or degree to continue to practice in Texas under that registration for as long as the person stayed in compliance with TSBPA rules and certain provisions applicable to the person.

CSHB 2217 would allow for TSBPA to send electronically required notices of impending license expiration and the associated renewal fee amount to an individual's last-known e-mail address.

CSHB 2217 would change "account-client privilege" to "account-client confidentiality."

CSHB 2217 would repeal Occupations Code, secs. 901.054(b), 901.255, 901.310(a) and (b), and 901.355(b) and (c).

The bill would take immediate effect if finally passed by a two-thirds record vote of the membership of each house. Otherwise, it would take effect September 1, 2023.

**SUPPORTERS
SAY:**

CSHB 2217 would amend current law to better reflect modern methods regarding the exam for state certification in public accountancy, which have changed significantly since the Public Accountancy Act was last amended. For example, when referring to an accountant-client relationship, "privilege" would be replaced with "confidentiality," which would better reflect the current nature of client data and privacy rights. By allowing TSBPA to email individuals about license expiration, rather than requiring written notifications, CSHB 2217 could save the state money. Additionally, institutional knowledge could be strengthened by permitting the governor to appoint TSBPA members for consecutive terms. For accountants who were already authorized to practice based on certain certifications from foreign countries, burdensome license renewal would no longer be required. CSHB 2217 would streamline the examination process for state certification in public accountancy.

**CRITICS
SAY:**

No concerns identified.