

By: Shapleigh

S.B. No. 536

A BILL TO BE ENTITLED

AN ACT

relating to the regulation of certain accountants; providing an administrative penalty.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Subchapter J, Chapter 901, Occupations Code, is amended by adding Section 901.461 to read as follows:

Sec. 901.461. SERVICES FOR CERTAIN CORPORATIONS AND OTHER BUSINESS ENTITIES. A person who holds a certificate or firm license under this chapter and who is providing audit services for a publicly held corporation, or for any other business entity if the amount of the audit services exceeds \$250,000, may not provide any other service for the corporation or other entity.

SECTION 2. Subchapter J, Chapter 901, Occupations Code, is amended by adding Section 901.462 to read as follows:

Sec. 901.462. AUDIT ROTATION; CONFLICTS OF INTEREST RELATED TO AUDIT SERVICES. (a) A person who holds a certificate or firm license under this chapter may not provide audit services for a publicly held corporation if the person has provided audit services for the corporation for each of the five previous fiscal years of the corporation.

(b) A person who holds a certificate or firm license under this chapter and who has performed in the preceding two years audit services for a publicly held corporation, or for any other business entity if the amount of the audit services exceeded \$250,000, may

1 not be an employee of or have any personal financial relationship
2 with the corporation or other entity.

3 SECTION 3. Section 901.552, Occupations Code, is amended by
4 amending Subsection (a) and adding Subsection (c) to read as
5 follows:

6 (a) The amount of an administrative penalty may not exceed
7 \$1,000,000 [~~\$1,000~~] for each violation.

8 (c) The board by rule shall adopt a schedule for purposes of
9 this subchapter that prescribes ranges in the amounts of
10 administrative penalties to be imposed for specified types of
11 conduct and circumstances.

12 SECTION 4. (a) This Act takes effect as follows:

13 (1) Section 1 of this Act takes effect immediately if
14 this Act receives a vote of two-thirds of all the members elected to
15 each house, as provided by Section 39, Article III, Texas
16 Constitution. If this Act does not receive the vote for immediate
17 effect, Section 1 of this Act takes effect September 1, 2003;

18 (2) Section 2 of this Act takes effect January 1, 2004;
19 and

20 (3) Section 3 of this Act takes effect September 1,
21 2003.

22 (b) The change in law made by this Act to Section 901.552,
23 Occupations Code, applies only to a violation of Chapter 901,
24 Occupations Code, or of a rule or order adopted by the Texas State
25 Board of Public Accountancy under that chapter that occurs on or
26 after September 1, 2003. A violation that occurs before that date
27 is governed by the law in effect on the date the violation occurred,

1 and the former law is continued in effect for that purpose.

2 (c) The Texas State Board of Public Accountancy shall adopt
3 rules as required by Section 901.552(c), Occupations Code, as added
4 by this Act, not later than January 1, 2004.