

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 78TH LEGISLATIVE REGULAR SESSION
Revision 1

May 13, 2003

TO: Honorable Rodney Ellis, Chair, Senate Committee on Government Organization

FROM: John Keel, Director, Legislative Budget Board

IN RE: HB1218 by Chisum (Relating to the continuation and functions of the Texas State Board of Public Accountancy and to the confidentiality of certain information of a taxpayer undergoing examination by the comptroller; providing penalties.), **As Engrossed**

Estimated Two-year Net Impact to General Revenue Related Funds for HB1218, As Engrossed: a negative impact of (\$460,000) through the biennium ending August 31, 2005.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

General Revenue-Related Funds, Five-Year Impact:

| Fiscal Year | Probable Net Positive/(Negative) Impact to General Revenue Related Funds |
|-------------|--|
| 2004 | (\$230,000) |
| 2005 | (\$230,000) |
| 2006 | (\$230,000) |
| 2007 | (\$230,000) |
| 2008 | (\$230,000) |

All Funds, Five-Year Impact:

| Fiscal Year | Probable Revenue Gain/(Loss) from <i>GENERAL REVENUE FUND</i> 1 | Probable Revenue Gain/(Loss) from <i>State Funds Outside the Treasury</i> |
|-------------|---|--|
| 2004 | (\$230,000) | \$230,000 |
| 2005 | (\$230,000) | \$230,000 |
| 2006 | (\$230,000) | \$230,000 |
| 2007 | (\$230,000) | \$230,000 |
| 2008 | (\$230,000) | \$230,000 |

Fiscal Analysis

The bill would continue the Board of Public Accountancy for another 12 years. The bill would also increase the penalty for violating the Public Accountancy Act from a Class B misdemeanor to a felony for certain offenses and increase the maximum administrative penalty the agency could levy from \$1,000 to \$100,000 per violation. The bill would grant the Board additional enforcement powers, including the authority to order restitution, subpoena persons or records, share confidential information with law enforcement authorities for joint investigations and allow the Board to summarily suspend a license.

The bill would eliminate the Board's injunctive authority, grant it the authority to issue cease-and-

desist orders to prohibit the practice of accountancy without a license and grant immunity from prosecution to persons who voluntarily report violations of the Public Accountancy Act.

The bill would also authorize the Board's use of non-Board members on enforcement committees and eliminate non-Board members on policymaking committees.

The bill would continue the Board of Public Accountancy as a Self-Directed Semi-Independent agency until September 1, 2009.

The bill would take effect September 1, 2003.

Methodology

The bill would increase the administrative penalties the Board of Public Accountancy could levy from \$1,000 to \$100,000 per violation and allow the agency to impose administrative penalties (up to \$25,000) on persons violating a cease-and-desist order from the Board prohibiting a person from the unauthorized practice of accountancy. The Board estimates a general revenue gain from administrative penalties of \$230,000 per year (\$10,000 per year from cease-and-desist violations) based on historical enforcement patterns.

It is estimated the Board would also be required to pay \$5,000 per year in reasonable fees for subpoenaed records and to reimburse the expenses of necessary witnesses.

The Self-Directed Semi-Independent pilot project expires September 1, 2003. Extending the Board of Public Accountancy as a Self-Directed Semi-Independent project agency until September 1, 2009 would divert the \$230,000 in administrative penalties into the agency account outside the Treasury resulting in a \$230,000 general revenue loss.

Local Government Impact

No significant fiscal implication to units of local government is anticipated.

Source Agencies: 116 Sunset Advisory Commission, 457 Board of Public Accountancy

LBB Staff: JK, GO, JRO, RT