

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 78TH LEGISLATIVE REGULAR SESSION

April 2, 2003

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

FROM: John Keel, Director, Legislative Budget Board

IN RE: SB274 by Nelson (Relating to the continuation and functions of the Texas State Board of Public Accountancy; providing penalties.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for SB274, As Introduced: a positive 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 1</i>	Probable Savings/(Cost) from <i>GENERAL REVENUE FUND 1</i>	Change in Number of State Employees from FY 2003
2004	\$320,477	(\$90,477)	1.0
2005	\$318,951	(\$88,951)	1.0
2006	\$318,951	(\$88,951)	1.0
2007	\$318,951	(\$88,951)	1.0
2008	\$318,951	(\$88,951)	1.0

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 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 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 Board of Public Accountancy estimates the need for one Attorney and associated costs due to the increased burden of proof requirements associated with the preparation of a felony prosecution.

It is assumed the Board of Public Accountancy would adjust fees to offset any cost or revenue loss associated with the implementation of the bill.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 116 Sunset Advisory Commission, 344 Commission on Human Rights, 457 Board of Public Accountancy

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