

BILL ANALYSIS

Senate Research Center
80R8714 JMM-D

H.B. 1316
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Business & Commerce
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Engrossed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Currently, certified public accounts (CPAs) licensed by the Texas State Board of Public Accountancy (TSCPA) and employed by the federal government, but prohibited by virtue of the terms of that employment from practicing public accountancy outside of their employment, receive a license fee exemption which exempts them from the annual \$200 professional fee. This is not an exemption from the annual license fee that goes to the TSCPA, but rather an exemption from the additional "professional fee" imposed by Sections 901.406 (Fee Increase) and 901.407 (Additional Fee), Occupations Code.

The effect of Section 901.410(1), as enacted in 1999, was to grant an exemption from the "professional fee" to employees of the Internal Revenue Service (IRS) who were prohibited from practicing public accountancy because it would create a conflict of interest with their work with the IRS. The employees of the Texas Comptroller's Office, who were likewise prohibited from practicing public accountancy, were exempted by virtue of Section 901.410(2). Therefore, it was not necessary to include them in Section 901.410(1).

Section 901.410, as enacted in 1999, did not provide an exemption for the employees of states other than Texas who are prohibited, like the IRS employees, by the terms of their employment from practicing public accountancy. Many other states have revenue representatives living and working in Texas who are licensed as CPAs by the TSCPA. These employees of other states are residents of Texas, vote in Texas, and pay Texas taxes. All of the states that they represent have similar provisions of their code of conduct that prohibit these revenue employees from doing accounting work that is a conflict of interest with their state duties.

H.B. 1316 allows a fee exemption for an employee of the government of another state or a municipal or county government and who is restricted by virtue of that employment from engaging in the practice of public accountancy outside the scope of employment.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 901.410, Occupations Code, to provide that the fee increase imposed under Section 901.406 and the additional fee imposed under Section 901.407 do not apply to certain license holders, including an employee of the government of another state or a municipal or county government and who is restricted by virtue of that employment from engaging in the practice of public accountancy outside the scope of employment.

SECTION 2. Makes application of this Act prospective.

SECTION 3. Effective date: upon passage or September 1, 2007.