

## **BILL ANALYSIS**

Senate Research Center

H.B. 2440  
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Higher Education  
4/27/2009  
Engrossed

### **AUTHOR'S / SPONSOR'S STATEMENT OF INTENT**

In 1991, the sunset bill reauthorizing the Texas State Board of Public Accountancy (TSBPA) and the regulation of certified public accountants (CPAs) included, for the first time, a requirement that candidates for the CPA examination have a minimum of 150 hours of higher education.

The legislation included a \$10 per year assessment on all CPA licensees to endow a scholarship fund to be available to students planning to take the CPA examination for their fifth year of accounting study. TSBPA was authorized to collect the funds, but the Texas Higher Education Coordinating Board (THECB) was required to administer the funds and award the scholarships.

An advisory board was created to assist THECB in the administration of the scholarships. While THECB has done a very effective job administering the scholarship program, the program is very small compared to the other THECB programs and does not relate directly to the mission of THECB. Historically, annual scholarships totaling \$500,000 and \$600,000 have been awarded to deserving fifth-year accounting students throughout the state.

THECB and TSBPA have agreed to transfer the administration of the fifth year scholarship program to TSBPA because the administration of these scholarship funds is directly related to the mission of TSBPA. THECB, TSBPA, and the advisory board concur that it would be more appropriate for TSBPA to administer the fifth-year scholarship fund.

H.B. 2440 amends current law relating to scholarships for fifth-year accounting students.

### **RULEMAKING AUTHORITY**

Rulemaking authority previously granted to the Texas Higher Education Coordinating Board is transferred to the Texas State Board of Public Accountancy in SECTION 2 (Sections 901.653, 901.655, 901.656, and 901.659, Occupations Code) of this bill.

### **SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Section 901.155, Occupations Code, as follows:

Sec. 901.155. New heading: SCHOLARSHIP TRUST FUND FOR FIFTH-YEAR ACCOUNTING STUDENTS. (a) Provides that the fee for the issuance or renewal of a license under this chapter is the amount of the fee set by the Texas State Board of Public Accountancy (TSBPA) under Section 901.154 (Fees) together with the fee increase imposed under Section 901.406 (Fee Increase) and an additional \$10 annual fee, rather than \$20 fee, to be deposited to the credit of the scholarship trust fund for fifth-year accounting students, rather than the credit of the scholarship fund account for fifth-year accounting students in the general revenue fund.

(b) Provides that the scholarship trust fund for fifth-year accounting students, rather than the scholarship fund account for fifth-year accounting students, is held by the board outside the state treasury and is authorized to be used only to provide scholarships under Subchapter N, rather than Subchapter N (Scholarships for Fifth-Year Accounting Students), Chapter 61 (Texas Higher Education Coordinating Board), Education Code, to accounting students in the fifth year of a program designed to qualify each student to apply for certification as a certified public accountant, and pay administrative costs under Subsection (c).

(c) Prohibits the administrative costs incurred to collect the fee imposed under Subsection (a) and to disburse the money from exceeding 10 percent of the total money collected. Deletes existing text prohibiting the administrative costs incurred to collect the fee imposed under Subsection (a) and to disburse the money from exceeding 15 percent of the total money collected, with 10 percent of the money allocated to the Texas Higher Education Coordinating Board (THECB) and five percent of the money allocated to TSBPA.

(d) Requires that interest earned on amounts in the scholarship trust fund, rather than in the scholarship fund account, for fifth-year accounting students be credited to that fund, rather than account, notwithstanding Section 404.071 (Disposition of Interest on Investments), Government Code.

SECTION 2. Transfers Subchapter N, Chapter 61, Education Code, to Chapter 901, Occupations Code, designates it as Subchapter N, Chapter 901, Occupations Code, and amends it to read as follows:

#### SUBCHAPTER N. SCHOLARSHIPS FOR FIFTH-YEAR ACCOUNTING STUDENTS

Sec. 901.651. DEFINITION. Redesignates Section 61.751, Education Code, as Section 901.651, Occupations Code. Defines "fifth-year accounting student."

Sec. 901.652. PUBLIC PURPOSE. Redesignates Section 61.752, Education Code, as Section 901.652, Occupations Code. Provides that the scholarships required by this subchapter serve a public purpose of the state as described by Section 901.155, rather than Section 32, Public Accountancy Act of 1991 (Article 41a-1, V.T.C.S.).

Sec. 901.653. SCHOLARSHIPS. Redesignates Section 61.753, Education Code, as Section 901.653, Occupations Code. Requires TSBPA to establish and administer, using funds collected and appropriated for that purpose and in accordance with this subchapter and TSBPA rules, scholarships for fifth-year accounting students.

Sec. 901.654. FACTORS. Redesignates Section 61.754, Education Code, as Section 901.654, Occupations Code. (a) Requires that scholarships be established and administered in a manner that TSBPA determines best serves the public purpose of the scholarships.

(b) Requires TSBPA, in determining what best promotes the public purpose, to consider at a minimum certain factors relating to each person applying for a scholarship under this section.

Sec. 901.655. RULES. Redesignates Section 61.755, Education Code, as Section 901.655, Occupations Code. (a) Requires TSBPA to adopt rules as necessary for the administration of this subchapter.

(b) Requires TSBPA to adopt rules relating to the establishment of the scholarships under Section 901.653, rather than Section 61.753 of this code, including rules providing eligibility criteria and the determination of the amount of each scholarship.

Sec. 901.656. SCHOLARSHIP REGULATIONS. Redesignates Section 61.756, Education Code, as Section 901.656, Occupations Code. (a) Requires TSBPA, in consultation with the advisory committee appointed under Section 901.657, rather than Section 61.757, to determine the maximum amount of any scholarship awarded under this subchapter. Requires that scholarships be made available to eligible students attending any nonprofit independent institution approved by THECB under Section 61.222 (Approved Institutions), Education Code. Makes a conforming change.

(b) Authorizes TSBPA to award a scholarship under this subchapter only to an eligible student who intends to take the written examination conducted by TSBPA

for the purpose of granting a certificate of "certified public accountant." Makes a conforming change.

(c) Requires TSBPA by rule to determine the manner in which these payments are made.

Sec. 901.657. **ADVISORY COMMITTEE.** Redesignates Section 61.757, Education Code, as Section 901.657, Occupations Code. (a) Provides that the advisory committee consist of certain representatives, including one representative named by TSBPA, two representatives named by THECB who are the chairmen of accounting departments at Texas colleges and universities, at least one of whom must be a representative of a private college or university and at least one other of whom must be a representative from a college or university that primarily serves minority students. Makes conforming changes.

(b) Makes no changes to this subsection.

(c) Requires the advisory committee, in addition to any other duties assigned by TSBPA, to specifically advise TSBPA on any priorities among the factors identified by Section 901.654, rather than Section 61.754.

Sec. 901.658. **FUNDING.** Redesignates Section 61.758, Education Code, as Section 901.658, Occupations Code. Authorizes TSBPA to use without appropriation, in accordance with Article 8930, Revised Statutes, this subchapter, and Section 901.155, rather than Section 32, Public Accountancy Act of 1991 (Article 41-a, V.T.C.S.), any money from the trust fund established under Section 901.155, rather than any money appropriated to it from the fund established by that section.

Sec. 901.659. **MINORITY AND DISADVANTAGED STUDENT INTERNSHIPS.** Redesignates Section 61.760, Education Code, as Section 901.659, Occupations Code. (a) Requires TSBPA to adopt rules to encourage internships for minority and disadvantaged students and certified public accountant examination candidates who notify TSBPA not later than 90 days after the date of being accepted into an accounting internship program.

(b) Requires that the rules adopted by TSBPA include standards for appropriate recognition of an accounting firm for its efforts in training and hiring minority or disadvantaged students.

**SECTION 3.** Transfers Section 61.081, Education Code, to Subchapter N, Chapter 901, Occupations Code, as added by this Act, redesignates it as Section 901.660, Occupations Code, and amends it as follows:

Sec. 901.660. **REPORT ON ACCOUNTANT SCHOLARSHIP PROGRAM.** (a) Requires TSBPA, before January 15 of each odd-numbered year, to report to the legislature concerning the scholarship program for fifth-year accounting students administered by TSBPA under this subchapter, rather than Subchapter N, Chapter 61, of this code.

(b) Requires that the report expenses be included in the administrative costs allocated to TSBPA under Section 901.155, rather than Section 32(c) (relating to the proposal of legislation and funding necessary to implement a certain plan) of this code.

**SECTION 4.** (a) Requires TSBPA, not later than January 1, 2010, to adopt the rules required to implement Subchapter N, Chapter 901, Occupations Code, as added by this Act.

(b) Requires THECB, on the effective date of this Act, to transfer to TSBPA for deposit in the scholarship trust fund established under Subchapter N, Chapter 901, Occupations Code, as added by this Act, any money in the general revenue account 0106--scholarship fund for fifth year accounting students, and any money appropriated to THECB for

scholarships to fifth-year accounting students under Subchapter N, Chapter 61, Education Code, as that subchapter existed before the effective date of this Act, that has not been allocated to institutions of higher education for making awards to students during the 2009-2010 academic year under that scholarship program.

SECTION 5. Effective date: September 1, 2009.