

## **BILL ANALYSIS**

S.B. 566  
By: Williams  
Licensing & Administrative Procedures  
Committee Report (Unamended)

### **BACKGROUND AND PURPOSE**

Interested parties have indicated that changes should be made in the Public Accountancy Act to clarify a perceived discrepancy between federal law and state law relating to the client confidentiality requirements for certified public accountants (CPAs), improve enforcement, grant the Texas State Board of Public Accountancy the authority to waive fees and penalties, and remove certain provisions that relate to a paper CPA examination. S.B. 566 seeks to make these changes in the law relating to the regulation of the practice of public accountancy.

### **RULEMAKING AUTHORITY**

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

### **ANALYSIS**

S.B. 566 amends the Occupations Code to authorize an enforcement committee appointed by the Texas State Board of Public Accountancy to hold a closed meeting to investigate and deliberate a disciplinary action relating to a prohibited practice and the enforcement of statutory provisions governing accountants or applicable board rules.

S.B. 566 includes as disclosable information, in provisions of law establishing information that is protected by accountant-client privilege, any information that is required to be disclosed under a subpoena under specified federal laws and adds The Securities Act to those specified federal laws. The bill specifies that the provision qualifying certain information as not prohibited from disclosure on the basis of the disclosure being required under a court order applies to a court order signed by a judge. The bill expands the conditions under which information is authorized to be disclosed on the basis of the disclosure being required in the course of certain peer reviews to include a peer review in accordance with the requirements of the Public Company Accounting Oversight Board or its successor.

S.B. 566 removes as a prerequisite for the Texas State Board of Public Accountancy issuing a cease and desist order prohibiting a person from engaging in certain activities relating to the practice of public accountancy without a license that the person has an opportunity for a hearing. The bill authorizes a person who is issued such a cease and desist order to request a hearing before the State Office of Administrative Hearings and requires the hearing to be held not later than the 10th day after the date the board receives the request for a hearing. The bill establishes that a violation of such an order constitutes grounds for the board to seek injunctive relief, in addition to grounds for imposing an administrative penalty.

S.B. 566 amends the Government Code to establish that the state's open meetings law does not require an enforcement committee appointed by the board to conduct an open meeting to investigate and deliberate a disciplinary action relating to a prohibited practice and the enforcement of statutory provisions governing accountants or board rules. The bill makes conforming and nonsubstantive changes.

S.B. 566 repeals the following provisions of the Occupations Code:

- Section 901.154(c), prohibiting the board from waiving the collection of any fee or penalty provided under provisions of law relating to the regulation of accountants
- Section 901.308(d), entitling a person who fails a paper uniform CPA examination to inspect the examination questions and the person's answers under certain conditions
- Section 901.308(e), requiring the board to provide a person who fails a uniform CPA examination an analysis of the person's performance on the examination if requested in writing by the person

**EFFECTIVE DATE**

September 1, 2011.