

BILL ANALYSIS

S.B. 228
By: Williams
Licensing & Administrative Procedures
Committee Report (Unamended)

BACKGROUND AND PURPOSE

Interested parties contend that potential conflicts exist among certain statutory provisions relating to the regulation of the practice of public accountancy and that codification of an existing practice that allows the Texas State Board of Public Accountancy's enforcement committee to discuss disciplinary actions in closed session is needed. These parties further contend that client confidentiality, sometimes referred to as the accountant-client privilege, needs to be clarified. S.B. 228 seeks to address these issues, among others, by amending current 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. 228 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 under certain provisions of the Public Accountancy Act relating to the enforcement of the act or board rules.

S.B. 228 expands the categories of information not protected under the accountant-client privilege to include information that is required to be disclosed in the following circumstances: under a subpoena issued under specified federal laws; under a summons or subpoena issued under The Securities Act (Article 581-1 et seq., Vernon's Texas Civil Statutes); in accordance with the requirements of the Public Company Accounting Oversight Board or its successor; or in the course of a practice review by another certified public accountant or certified public accountancy firm for a potential acquisition or merger of one firm with another if both firms enter into a nondisclosure agreement with regard to all client information shared between the firms. The bill clarifies that information not protected under the accountant-client privilege and subject to mandatory disclosure under a court order applies to a court order signed by a judge.

S.B. 228 repeals provisions relating to prohibiting the board from waiving the collection of any fee or penalty provided under the Public Accountancy Act, entitling a person who fails a paper CPA examination to inspect the examination questions and the person's answers under certain conditions, and requiring the board to provide a person who fails an examination an analysis of the person's performance on the examination on the person's written request.

S.B. 228 amends the Government Code to exempt from the state's open meetings law an enforcement committee appointed by the board to conduct a meeting to investigate and deliberate a disciplinary action under certain provisions of the Public Accountancy Act relating to the enforcement of the act or board rules.

S.B. 228 repeals the following provisions of the Occupations Code:

- Section 901.154(c)
- Section 901.308(d)
- Section 901.308(e)

EFFECTIVE DATE

September 1, 2013.