

BILL ANALYSIS

C.S.H.B. 2217

By: Button

Licensing & Administrative Procedures
Committee Report (Substituted)

BACKGROUND AND PURPOSE

The structure of the required examination for state certification in public accountancy has changed significantly since the Public Accountancy Act was last amended. Certain sections of the current law reflect outdated methods of examination and communication and contain language that limits the ability of the Texas State Board of Public Accountancy to efficiently oversee licensed and prospective accountants. C.S.H.B. 2217 seeks to address these issues by updating language in the Public Accountancy Act to reflect current practices and provide needed clarifications.

CRIMINAL JUSTICE IMPACT

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

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

C.S.H.B. 2217 amends the Occupations Code to make the following changes with regard to the practice of public accountancy under the Public Accountancy Act:

- changes the definition of "corporation" from a corporation authorized by a statute applicable to Texas or by an equivalent law of another state or a foreign country, including a professional public accounting corporation organized under The Texas Professional Corporation Act, to an entity governed as a corporation under Business Organizations Code provisions relating to corporations and professional entities, including an entity authorized by an equivalent law of another state or a foreign country;
- specifies that the fee the Texas State Board of Public Accountancy (TSBPA) must collect for the uniform CPA examination or a reexamination is collected from each applicant in an amount capped at the cost of administering the parts of the examination that the applicant is eligible to take;
- repeals and removes provisions relating to conditional credit for use in determining whether a person has passed the uniform CPA examination and instead requires TSBPA to consider a person who receives credit for each subject within the time prescribed by TSBPA to have passed the examination;
- gives TSBPA the option of sending notice to a licensed public accountant of the person's impending license expiration and the amount of the license renewal fee electronically by email as an alternative to providing that notice in writing; and
- updates a reference to a written examination in a provision establishing regulations regarding the award of scholarships to fifth-year accounting students with a reference to the uniform CPA examination.

C.S.H.B. 2217 removes the authorization for a holder of a certificate, license, or degree authorizing the person to practice public accountancy in a foreign country to register with TSBPA as the holder of such issued by the foreign country if TSBPA determines that the standards under which the applicant was certified or otherwise authorized to practice public accountancy were at least as high as the Texas standards at the time that authority was granted. However, the bill authorizes such a certificate, license, or degree holder who registered with TSBPA as such on or before September 1, 2023, to continue to practice in Texas under that registration for as long as the person stays in compliance with the Public Accountancy Act and TSBPA rules applicable to the person.

C.S.H.B. 2217 additionally repeals provisions of the Public Accountancy Act that do the following:

- makes a TSBPA board member who has served all or part of six consecutive years ineligible for reappointment until the second anniversary of the expiration date of the member's most recent term; and
- provides special education requirements for certain part-time students applying to take the uniform CPA examination.

C.S.H.B. 2217 amends the Penal Code to replace a reference to accountant-client privilege in the definition of "privileged information," for purposes of the prosecution of computer crimes, with a reference to accountant-client confidentiality.

C.S.H.B. 2217 repeals the following provisions of the Occupations Code:

- Section 901.054(b);
- Section 901.255;
- Sections 901.310(a) and (b); and
- Sections 901.355(b) and (c).

EFFECTIVE DATE

On passage, or, if the bill does not receive the necessary vote, September 1, 2023.

COMPARISON OF INTRODUCED AND SUBSTITUTE

While C.S.H.B. 2217 may differ from the introduced in minor or nonsubstantive ways, the following summarizes the substantial differences between the introduced and committee substitute versions of the bill.

The substitute includes provisions absent from the introduced relating to the following:

- the collection of fees for the uniform CPA examination or reexamination;
- the use of conditional credit in determining whether a person has passed the uniform CPA examination and a requirement for TSBPA to consider a person who receives credit for each subject within the time prescribed by TSBPA to have passed the examination; and
- the registration of certain foreign applicants.

The substitute repeals provisions of the Public Accountancy Act relating to the following:

- special education credit for certain part-time students applying to take the uniform CPA examination;
- conditional examination credit; and
- the registration of certain foreign applicants.