

DEPARTMENT OF FINANCE BILL ANALYSIS

AMENDMENT DATE: March 31, 2011
POSITION: Neutral
SPONSOR: California Board of Accountancy

BILL NUMBER: AB 431
AUTHOR: F. Ma

BILL SUMMARY: Retired Public Accountants

This bill would authorize the California Board of Accountancy (Board) to establish a retired license designation for certified public accountants (CPAs) and public accountants (PAs).

FISCAL SUMMARY

The Department of Consumer Affairs (DCA) indicates that any workload costs associated with establishing a new licensing category based on the provisions of this bill would be minor and absorbable within the Board's existing resources. The DCA also notes that there will be unknown administrative costs to its Office of Information Services in order to establish the new licensure category.

Assuming the entire population of 15,400 active, inactive, and delinquent licensees apply for the retired status license by paying the one-time fee of \$250, this bill would generate \$3.85 million in 2011-12 (15,400 x \$250). However, since these individuals would no longer be paying the renewal fees every two years, the projected loss of revenue would be approximately \$1.9 million every two years beginning in 2011-12. The Accountancy fund is in a solvent condition and could withstand the impact of this bill.

COMMENTS

The Department of Finance is neutral on this measure as we have no significant fiscal concerns and this bill would enable CPAs and PAs to maintain a retired status license.

Existing law regulates the practice of public accountancy by the Board, and authorizes a CPA or PA to have his or her license placed in an inactive status, subject to certain limitations, provided the individual pays renewal fees.

This bill would authorize the Board to establish regulations for placing a licensee on a retired status designation when the licensee is not actively engaged in the practice of public accountancy or any activity which requires them to be licensed. This bill would, effective one year from the effective date of the Board's regulations, require the Board to deny a retired status license application if the applicant's permit is delinquent.

This bill would enable CPAs and PAs, who no longer wish to practice, to attain a retired status license thereby avoiding paying unnecessary renewal fees or having their license delinquent, surrendered, or canceled when allowing it to expire.

Analyst/Principal Date Program Budget Manager Date
(0282) J. Carosone Todd Jerue

Department Deputy Director Date

Governor's Office: By: Date: Position Approved
Position Disapproved

BILL ANALYSIS Form DF-43 (Rev 03/95 Buff)

**BILL ANALYSIS/ENROLLED BILL REPORT--(CONTINUED)**

**AUTHOR**

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Code/Department Agency or Revenue Type	SO	(Fiscal Impact by Fiscal Year)							Fund Code
	LA	(Dollars in Thousands)							
	CO	PROP							
	RV	98	FC	2010-2011	FC	2011-2012	FC	2012-2013	
1110/ConAfr-ReqBd	SO	No		-----	See Fiscal Summary	-----			0704
<u>Fund Code</u>	<u>Title</u>								
0704	Accountancy Fund								