

DEPARTMENT OF FINANCE BILL ANALYSIS

AMENDMENT DATE: August 15, 2011
POSITION: Oppose

BILL NUMBER: SB 773
AUTHOR: G. Negrete McLeod

BILL SUMMARY: Ethics Requirements for Accountants

This bill, among other things, would specify how ethics study requirements would be applied for accounting license applicants, which become effective January 1, 2014.

FISCAL SUMMARY

The Department of Consumer Affairs (DCA) indicates that this bill would result in increased workload for the department. Due to the ethics course requirements that must be completed by all licensees, the DCA would require an additional Office Technician position and approximately \$22,000 in 2013-14 and \$50,000 ongoing to perform enhanced transcript review and to respond to increased telephone and e-mail inquiries. Finance notes that these costs likely could be paid without increasing accounting license fees, but would have to be approved through the annual budget process.

COMMENTS

The Department of Finance is opposed to this bill because it would result in increased costs and positions, thereby expanding the size and cost of government during a time when the Administration is reducing government. Further, this measure is premature because existing legislation related to ethics requirements for accounting licensees does not become effective until January 1, 2014.

Existing law:

- Provides for the licensure and regulation of accountants by the California Board of Accountancy (Board) within the DCA.
Establishes the Advisory Committee on Accounting Ethics Curriculum (Advisory Committee) within the Board to recommend ethics guidelines to the Board, as specified.
Requires an applicant for an accounting license to complete a minimum of 24 semester units in accounting subjects and a minimum of 24 semester units in business-related subjects, as provided.
Requires an applicant, on or after January 1, 2014, to complete an additional 10 units in ethics study and 20 units in accounting study.
Requires the Board, by January 1, 2012, to adopt, by regulation, guidelines for the accounting study requirement.
Requires the Board, by January 31, 2013, to adopt, by regulation, ethics study recommendations made by the Advisory Committee without substantive changes.

This bill, among other things, would (1) set forth how the ethics study requirements that will apply to accounting license applicants on or after January 1, 2014 can be met (based on recommendations from the Advisory Committee), (2) repeal the requirement for the Board to adopt, by regulation, ethics study recommendations made by the Advisory Committee, as specified, and (3) authorize the Advisory Committee to determine that a course (or a portion of a course) satisfies the ethics study requirement.

Analyst/Principal Date Program Budget Manager Date
(0222) J. Fitzpatrick Lisa Ann L. Mangat

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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SB 773

Code/Department Agency or Revenue Type	SO	(Fiscal Impact by Fiscal Year)							Fund Code
	LA	(Dollars in Thousands)							
	CO	PROP							
	RV	98	FC	2011-2012	FC	2012-2013	FC	2013-2014	
1110/ConAfr-ReqBd	SO	No		--		--	C	\$22	0704
<u>Fund Code</u>	<u>Title</u>								
0704	Accountancy Fund								