

Senate Bill No. 306

CHAPTER 445

An act to add Section 5057 to, and to repeal and add Section 5096.14 of, the Business and Professions Code, relating to accountancy, and declaring the urgency thereof, to take effect immediately.

[Approved by Governor October 3, 2011. Filed with
Secretary of State October 3, 2011.]

LEGISLATIVE COUNSEL'S DIGEST

SB 306, De León. Accountancy.

Existing law provides for the licensure and regulation of accountants by the California Board of Accountancy in the Department of Consumer Affairs. Existing law prohibits a person from engaging in the practice of public accountancy in this state unless he or she holds either a valid permit issued by the board or a practice privilege, as specified. A violation of this provision is a crime. Existing law requires the board to amend a specified regulation to extend from December 31, 2007, to December 31, 2010, a safe harbor pertaining to practicing accountancy without a practice privilege for up to 5 days prior to submitting a notification form to the board, as specified.

This bill would repeal the provision applicable to that regulation and instead set forth a 5-day safe harbor for a person practicing accountancy under a practice privilege, subject to specified requirements. The bill would authorize the board to fine an individual who notifies the board of his or her practice more than 5 days after beginning practice within the state. The bill also would exempt from the requirement to obtain a permit or secure a practice privilege an individual holding a valid and current license, certificate, or permit to practice public accountancy from another state if specified conditions are satisfied.

This bill would declare that it is to take effect immediately as an urgency statute.

The people of the State of California do enact as follows:

SECTION 1. Section 5057 is added to the Business and Professions Code, to read:

5057. Notwithstanding any other provision of law, an individual holding a valid and current license, certificate, or permit to practice public accountancy from another state shall be exempt from the requirement to obtain a permit to practice public accountancy issued by the board under this chapter or to secure a practice privilege pursuant to Article 5.1

(commencing with Section 5096) if all of the following conditions are satisfied:

- (a) The individual's client is located in another state.
- (b) The individual's engagement with the client relates to work product to be delivered in another state.
- (c) The individual does not solicit California clients, or have his or her principal place of business in this state.
- (d) The individual does not assert or imply that he or she is licensed to practice public accountancy in California.
- (e) The individual's practice of public accountancy in this state on behalf of the client located in another state is of a limited duration, not extending beyond the period required to service the engagement for the client located in another state.
- (f) The individual's practice of public accountancy in this state specifically relates to servicing the engagement for the client located in another state.

SEC. 2. Section 5096.14 of the Business and Professions Code is repealed.

SEC. 3. Section 5096.14 is added to the Business and Professions Code, to read:

5096.14. (a) An individual shall not be deemed to be in violation of this article solely because he or she begins the practice of public accounting in California prior to notifying the board as indicated in subdivision (c) of Section 5096, provided the notice is given within five business days of the date practice begins. An individual who properly notifies the board within the five-day period provided for in this section shall be deemed to have a practice privilege from the first day of practice in California unless the individual fails to timely submit the required fee pursuant to subdivision (c) of Section 5096.

(b) Subdivision (a) does not apply in those instances in which prior approval by the board is required pursuant to subdivision (g) of Section 5096.

(c) In addition to any other applicable sanction, the board may issue a fine pursuant to Section 5096.3 for notifying the board more than five business days after beginning practice in California.

SEC. 4. This act is an urgency statute necessary for the immediate preservation of the public peace, health, or safety within the meaning of Article IV of the Constitution and shall go into immediate effect. The facts constituting the necessity are:

In order to ensure that the California Board of Accountancy does not expend its limited enforcement and other resources on matters in which California consumers are not at risk, current law related to when the board shall require out-of-state licensees to file a practice privilege must be clarified as soon as possible, and for this reason it is necessary that this bill take effect immediately.