

Introduced by Committee on Business, Professions and Economic Development (Senators Price (Chair), Block, Corbett, Emmerson, Galgiani, Hernandez, Hill, Padilla, Wyland, and Yee)

March 20, 2013

An act to amend Sections 5092, 5093, and 5094.3 of the Business and Professions Code, relating to accountancy, and declaring the urgency thereof, to take effect immediately.

LEGISLATIVE COUNSEL'S DIGEST

SB 823, as introduced, Committee on Business, Professions and Economic Development. Accountancy: licensure.

Existing law provides for the licensing 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.

Existing law sets forth education, examination, and experience requirements for accountancy licensure. Existing law provides that certain licensure requirement provisions shall become inoperative on January 1, 2014, unless other particular licensure requirements are reduced, eliminated, amended, or repealed.

This bill would allow applicants who have satisfied the examination requirement on or before December 31, 2013, and who meet all remaining requirements for the issuance of a certified public accountant license on or before December 31, 2015, to be issued a license, notwithstanding that particular licensure requirement provisions may become inoperative as of January 1, 2014.

Existing law sets forth the requirements for an applicant for admission to the examination for a certified public accountant, including the

production of evidence that the applicant has completed a baccalaureate or higher degree. Existing law requires that an applicant shall provide documentation of the completion of particular ethics studies.

This bill would allow an applicant who has not been conferred a baccalaureate degree solely because he or she is enrolled in a program that confers master's and baccalaureate degrees concurrently, to be eligible for admission to the examination if the applicant's educational institution mails materials to the board showing the applicant has satisfied certain requirements.

This bill would also allow an applicant who successfully passed the accountant examination on or before December 31, 2013, to qualify for a license without satisfying other particular educational requirements, provided that the applicant completes other requirements for the issuance of a license on or before December 31, 2015.

This bill would also make technical, nonsubstantive changes to these provisions.

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

Vote: $\frac{2}{3}$. Appropriation: no. Fiscal committee: no.
State-mandated local program: no.

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

1 SECTION 1. Section 5092 of the Business and Professions
2 Code is amended to read:
3 5092. (a) To qualify for the certified public accountant license,
4 an applicant who is applying under this section shall meet the
5 education, examination, and experience requirements specified in
6 subdivisions (b), (c), and (d), or otherwise prescribed pursuant to
7 this article. The board may adopt regulations as necessary to
8 implement this section.
9 (b) An applicant for the certified public accountant license shall
10 present satisfactory evidence that the applicant has completed a
11 baccalaureate or higher degree conferred by a college or university,
12 meeting, at a minimum, the standards described in Section 5094,
13 the total educational program to include a minimum of 24 semester
14 units in accounting subjects and 24 semester units in business
15 related subjects. This evidence shall be provided prior to admission
16 to the examination for the certified public accountant license,
17 except that an applicant who applied, qualified, and sat for at least

1 two subjects of the examination for the certified public accountant
2 license before May 15, 2002, may provide this evidence at the
3 time of application for licensure.

4 (c) An applicant for the certified public accountant license shall
5 pass an examination prescribed by the board pursuant to this article.

6 (d) The applicant shall show, to the satisfaction of the board,
7 that the applicant has had two years of qualifying experience. This
8 experience may include providing any type of service or advice
9 involving the use of accounting, attest, compilation, management
10 advisory, financial advisory, tax, or consulting skills. To be
11 qualifying under this section, experience shall have been performed
12 in accordance with applicable professional standards. Experience
13 in public accounting shall be completed under the supervision or
14 in the employ of a person licensed or otherwise having comparable
15 authority under the laws of any state or country to engage in the
16 practice of public accountancy. Experience in private or
17 governmental accounting or auditing shall be completed under the
18 supervision of an individual licensed by a state to engage in the
19 practice of public accountancy.

20 (e) (1) This section shall become inoperative on January 1,
21 2014, but shall become or remain operative if the educational
22 requirements in ethics study and accounting study established by
23 subdivision (b) of Section 5094, Section ~~5094.5~~ 5094.3, and
24 Section 5094.6 are reduced or eliminated.

25 (2) *Notwithstanding paragraph (1), this section shall remain*
26 *operative and continue to apply to an applicant who has*
27 *successfully passed the examination requirement specified under*
28 *Section 5082 on or before December 31, 2013, and who meets all*
29 *remaining requirements for the issuance of a certified public*
30 *accountant license on or before December 31, 2015.*

31 SEC. 2. Section 5093 of the Business and Professions Code is
32 amended to read:

33 5093. (a) To qualify for the certified public accountant license,
34 an applicant who is applying under this section shall meet the
35 education, examination, and experience requirements specified in
36 subdivisions (b), (c), and (d), or otherwise prescribed pursuant to
37 this article. The board may adopt regulations as necessary to
38 implement this section.

39 (b) (1) An applicant for admission to the certified public
40 accountant examination under the provisions of this section shall

1 present satisfactory evidence that the applicant has completed a
2 baccalaureate or higher degree conferred by a degree-granting
3 university, college, or other institution of learning accredited by
4 a regional or national accrediting agency included in a list of these
5 agencies published by the United States Secretary of Education
6 under the requirements of the Higher Education Act of 1965 as
7 amended (20 U.S.C. Sec. 1001 et seq.), or meeting, at a minimum,
8 the standards described in subdivision (c) of Section 5094. The
9 total educational program shall include a minimum of 24 semester
10 units in accounting subjects and 24 semester units in
11 business-related subjects. This evidence shall be provided at the
12 time of application for admission to the examination, except that
13 an applicant who applied, qualified, and sat for at least two subjects
14 of the examination for the certified public accountant license before
15 May 15, 2002, may provide this evidence at the time of application
16 for licensure.

17 (A) *An applicant enrolled in a program at an institution as*
18 *described in this paragraph that grants concurrent conferral of a*
19 *master's and a baccalaureate degree may satisfy the requirements*
20 *of this subdivision if the applicant's institution mails the applicant's*
21 *official transcript or its equivalent together or separately with a*
22 *letter signed by the institution's registrar, or its equivalent, directly*
23 *to the board pursuant to subdivision (c) of Section 5094. The letter*
24 *shall include all of the following:*

25 (i) *A statement that the applicant is enrolled and in good*
26 *standing in a program that will result in the concurrent conferral*
27 *of a master's and a baccalaureate degree.*

28 (ii) *A statement that the applicant has completed all*
29 *requirements, including general education and elective*
30 *requirements, for a baccalaureate degree and the only reason the*
31 *college or university has yet to confer the degree is because the*
32 *applicant is enrolled in a program that confers a master's and a*
33 *baccalaureate degree concurrently.*

34 (iii) *The date on which the applicant met all of the college's or*
35 *university's requirements for conferral of a baccalaureate degree.*

36 (B) *The total educational program for an applicant described*
37 *in subparagraph (A) shall include a minimum of 24 semester units*
38 *in accounting subjects and 24 semester units in business-related*
39 *subjects. This evidence shall be provided at the time of application*
40 *for admission to the examination, except that an applicant who*

1 *applied, qualified, and sat for at least two subjects of the*
2 *examination for the certified public accountant license before May*
3 *15, 2002, may provide this evidence at the time of application for*
4 *licensure.*

5 (2) An applicant for issuance of the certified public accountant
6 license under the provisions of this section shall present satisfactory
7 evidence that the applicant has completed at least 150 semester
8 units of college education including a baccalaureate or higher
9 degree conferred by a college or university, meeting, at a minimum,
10 the standards described in Section 5094, the total educational
11 program to include a minimum of 24 semester units in accounting
12 subjects, 24 semester units in business-related subjects, and, after
13 December 31, 2013, shall also include a minimum of 10 units of
14 ethics study consistent with the requirements set forth in Section
15 5094.3 and 20 units of accounting study consistent with the
16 regulations promulgated under subdivision (c) of Section 5094.6.
17 This evidence shall be presented at the time of application for the
18 certified public accountant license. Nothing herein shall be deemed
19 inconsistent with Section 5094 or 5094.6. Nothing herein shall be
20 construed to be inconsistent with prevailing academic practice
21 regarding the completion of units.

22 (c) An applicant for the certified public accountant license shall
23 pass an examination prescribed by the board.

24 (d) The applicant shall show, to the satisfaction of the board,
25 that the applicant has had one year of qualifying experience. This
26 experience may include providing any type of service or advice
27 involving the use of accounting, attest, compilation, management
28 advisory, financial advisory, tax, or consulting skills. To be
29 qualifying under this section, experience shall have been performed
30 in accordance with applicable professional standards. Experience
31 in public accounting shall be completed under the supervision or
32 in the employ of a person licensed or otherwise having comparable
33 authority under the laws of any state or country to engage in the
34 practice of public accountancy. Experience in private or
35 governmental accounting or auditing shall be completed under the
36 supervision of an individual licensed by a state to engage in the
37 practice of public accountancy.

38 (e) Applicants completing education at a college or university
39 located outside of this state, meeting, at a minimum, the standards
40 described in Section 5094, shall be deemed to meet the educational

1 requirements of this section if the board determines that the
2 education is substantially equivalent to the standards of education
3 specified under this chapter.

4 *(f) An applicant who has successfully passed the examination*
5 *requirement specified under Section 5082 on or before December*
6 *31, 2013, may qualify for the certified public accountant license*
7 *without satisfying the 10 semester units of study set forth in Section*
8 *5094.3 or 20 semester units of accounting study consistent with*
9 *the regulations promulgated under Section 5094.6, if the applicant*
10 *completes all other requirements for the issuance of a license on*
11 *or before December 31, 2015.*

12 SEC. 3. Section 5094.3 of the Business and Professions Code
13 is amended to read:

14 5094.3. (a) An applicant for licensure as a certified public
15 accountant shall, to the satisfaction of the board, provide
16 documentation of the completion of 10 semester units or 15 quarter
17 units of ethics study, as set forth in paragraph (2) of subdivision
18 (b) of Section 5093, in the manner prescribed in this section.

19 (b) (1) Between January 1, 2014, and December 31, 2016,
20 inclusive, an applicant shall complete 10 semester units or 15
21 quarter units in courses described in subdivisions (d), (e), and (f).

22 (2) Beginning January 1, 2017, an applicant shall complete 10
23 semester units or 15 quarter units in courses described in
24 subdivisions (c), (d), (e), and (f).

25 (c) A minimum of three semester units or four quarter units in
26 courses at an upper division level or higher devoted to accounting
27 ethics or accountants' professional responsibilities, unless the
28 course was completed at a community college, in which case it
29 need not be completed at the upper division level or higher.

30 (d) Between January 1, 2014, and December 31, 2016, inclusive,
31 a maximum of 10 semester units or 15 quarter units, and on and
32 after January 1, 2017, a maximum of 7 semester units or 11 quarter
33 units, in courses containing the following terms in the course title:

- 34 (1) Business, government, and society.
- 35 (2) Business law.
- 36 (3) Corporate governance.
- 37 (4) Corporate social responsibility.
- 38 (5) Ethics.
- 39 (6) Fraud.
- 40 (7) Human resources management.

- 1 (8) Business leadership.
- 2 (9) Legal environment of business.
- 3 (10) Management of organizations.
- 4 (11) Morals.
- 5 (12) Organizational behavior.
- 6 (13) Professional responsibilities.
- 7 (14) Auditing.

8 (e) (1) A maximum of three semester units or four quarter units
9 in courses taken in the following disciplines:

- 10 (A) Philosophy.
- 11 (B) Religion.
- 12 (C) Theology.

13 (2) To qualify under this subdivision, the course title shall
14 contain one or more of the terms “introduction,” “introductory,”
15 “general,” “fundamentals of,” “principles,” “foundation of,” or
16 “survey of,” or have the name of the discipline as the sole name
17 of the course title.

18 (f) A maximum of one semester unit of ethics study for
19 completion of a course specific to financial statement audits.

20 (g) *An applicant who has successfully passed the examination*
21 *requirement specified under Section 5082 on or before December*
22 *31, 2013, is exempt from this section unless the applicant fails to*
23 *obtain the qualifying experience as specified in Section 5092 or*
24 *5093 on or before December 31, 2015.*

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

29 In order that accountants be permitted to lawfully provide
30 services to their clients in California as soon as possible, it is
31 necessary that this bill take effect immediately.