

AMENDED IN SENATE JUNE 2, 2009

AMENDED IN SENATE JUNE 1, 2009

AMENDED IN SENATE APRIL 13, 2009

SENATE BILL

No. 691

Introduced by Senator Yee
(Coauthors: Senators Calderon and Florez)
(Coauthors: Assembly Members Ma and Niello)

February 27, 2009

An act to add Section 5094.5 to the Business and Professions Code, relating to accountants.

LEGISLATIVE COUNSEL'S DIGEST

SB 691, as amended, Yee. Accountants.

Existing law provides for the licensure and regulation of accountants by the California Board of Accountancy in the Department of Consumer Affairs. Existing law requires an applicant for the certified public accountant license to comply with certain education, examination, and experience requirements under one of 2 provisions that set forth different standards, commonly referred to as the 2 "pathways." Existing law, under the first pathway, requires completion of a baccalaureate or higher degree conferred by a college or university with completion of at least 24 semester units in accounting and 24 semester units in business related subjects, board exam passage, and 2 years of qualifying experience. Existing law, under the 2nd pathway, imposes the same educational and examination requirements as the first pathway, but also requires proof of completion of at least 150 semester units, and instead accepts one year of qualifying experience.

Existing law, until January 1, 2011, allows an out-of-state accountant to engage in the practice of accountancy in this state without obtaining a certificate or license if the individual has practiced for at least 4 of the last 10 years, the individual is licensed in another state deemed substantially equivalent to this state under the 2nd pathway, or the individual's qualifications are determined to be substantially equivalent to this state's qualifications under the 2nd pathway.

On and after January 1, 2014, this bill would require that an applicant for licensure under the first pathway acknowledge, *at the time he or she sits for the examination for that license*, that his or her licensure under that pathway ~~will~~ *may* not be considered substantially equivalent for purposes of engaging in the practice of accountancy in another state under a practice privilege, ~~and that he or she shall be subject to unprofessional conduct if he or she seeks to engage in the practice of accountancy under a practice privilege in any state that requires an individual to have completed at least 150 semester hours or units.~~ The bill would require that these provisions be interpreted to establish California as a substantially equivalent state for purposes of the laws of another state, and require that all individuals licensed before January 1, 2014, and all individuals licensed after January 1, 2014, under the 2nd pathway, not be required to individually establish substantial equivalency in any state. The bill would require the California Board of Accountancy to verify with each state that it will deem these requirements as being substantially equivalent under each state's practice privilege or reciprocity statutes. ~~If the board concludes that any state disagrees with that assessment, the bill would specify that the above provisions and the first pathway would become inoperative~~ *require the board to make a specified report to the Legislature with regard to options for establishing substantial equivalency.*

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

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

- 1 SECTION 1. Section 5094.5 is added to the Business and
- 2 Professions Code, to read:
- 3 5094.5. (a) Commencing January 1, 2014, ~~subdivisions (b)~~
- 4 ~~and (d) of Section 5094 shall only be available to an applicant for~~
- 5 a certified public accountant license ~~who acknowledges pursuant~~
- 6 *to Section 5092 shall acknowledge, at the time he or she sits for*

the examination for that license, that licensure under those subdivisions of that section will *that section may* not be considered substantially equivalent for purposes of practice privileges in states that require 150 semester units or hours for licensure, and that it shall be considered unprofessional conduct for a person licensed pursuant to subdivisions (b) and (d) of Section 5094 to seek practice privileges in any state that requires an individual from another state to have 150 semester units or hours to receive practice privileges or reciprocity. This subdivision, in conjunction with Section 5093, shall be interpreted to establish California, as a state, as substantially equivalent to every state that has adopted 150 semester units or hours as the only educational pathway available for licensure in that state, such that no individual licensed in California prior to January 1, 2014, and no individual licensed pursuant to Section 5093 subsequent to January 1, 2014, shall be required to individually establish substantial equivalence in any other state.

(b) The board shall verify with each state that the provisions of subdivision (a), in conjunction with Section 5093, establish California, as a state, as substantially equivalent under each state's practice privilege or reciprocity statutes, such that no individual licensed in California prior to January 1, 2014, and no individual licensed pursuant to Section 5093 after January 1, 2014, shall be required to individually establish substantial equivalence in any other state. The board shall perform this function with existing resources.

(c) If the board concludes that any state does not consider the provisions of subdivision (a) as sufficient to establish California, as a state, as substantially equivalent as set forth in subdivision (b), then subdivision (a) shall be inoperative, and the provisions of Section 5093 shall govern the education requirements for applicants for licensure. (b), then the board shall immediately report that fact to the Legislature, shall identify the states, summarize their reasons, and provide options for California to establish substantial equivalency as set forth in subdivision (b).