

  
*Colorado Legislative Council Staff Fiscal Note*  
**STATE**  
**FISCAL IMPACT**

**Drafting Number:** LLS 10-0348  
**Prime Sponsor(s):** Rep. Kerr A.  
 Sen. Tochtrop

**Date:** February 18, 2010  
**Bill Status:** House Business and Labor  
**Fiscal Analyst:** Josh Abram (303-866-3561)

**TITLE:** CONCERNING THE CONTINUATION OF THE REGULATION OF CERTIFIED PUBLIC ACCOUNTANTS BY THE STATE BOARD OF ACCOUNTANCY.

Fiscal Impact Summary	FY 2010-2011	FY 2011-2012
<b>State Revenue</b>		
Cash Funds		
Fines Collection Cash Fund	< \$15,000	< \$15,000
<b>State Expenditures</b>		
<b>FTE Position Change</b>		
<b>Effective Date:</b> July 1, 2010.		
<b>Appropriation Summary for FY 2010-2011:</b> None required.		
<b>Local Government Impact:</b>		

**Summary of Legislation**

This bill implements the recommendations of the Department of Regulatory Agencies (DORA) in its sunset review of the State Board of Accountancy. The bill continues the functions of the board until July 1, 2019.

Under current law, an applicant for certified public accountant (CPA) must have an undergraduate degree, pass the CPA exam, and have one year of professional experience before obtaining a license. Applicants may substitute additional education for the required year of professional experience. Beginning July 1, 2015, applicants will be required to have 150 credit hours of education, 30 credits more than a typical bachelors' degree, in addition to passing the CPA exam and having one year of professional experience. Applicants will not be permitted to substitute education in lieu of experience; however, the bill expands the scope of what the board may consider by rule to be acceptable professional experience.

The bill authorizes the board to consider disciplinary action against a CPA on the basis of disciplinary action taken in any other legal jurisdiction, as well as on the basis of action taken by the Public Accounting Oversight Board, a separate regulatory authority established by federal law.

The board's authority over registered accounting firms is expanded to include the denial of or refusal to renew a registration, a letter of admonition, or placing the firm on probation. The board is also permitted to impose fines on registered accounting firms. The maximum fine for a CPA is increased from \$1,000 to \$5,000 per violation . The board may fine registered firms up to \$10,000 per violation. Finally, HB10-1236 clarifies some provisions and specifies some additional requirements extending title protection to CPAs.

### **State Revenue**

*The bill may increase state revenue from fines, although less than \$15,000 in new state revenue is expected in FY 2010-11 and FY 2011-12.* Fine revenue that is not otherwise appropriated is deposited into the Fines Collection Cash Fund. Compliance with the act is anticipated to be high; however, the bill gives the board new authority to fine registered accounting firms, and increases the maximum amount the board can fine individual CPAs. Because the board has discretion of issuing other forms of disciplinary action, imposing a fine, or both, the actual impact to state revenue cannot be determined.

### **Departments Contacted**

Regulatory Agencies