

SENATE JUDICIARY COMMITTEE
Senator Thomas Umberg, Chair
2021-2022 Regular Session

AB 298 (Irwin)
Version: March 30, 2021
Hearing Date: June 15, 2021
Fiscal: Yes
Urgency: No

SUBJECT

Accountancy: California Board of Accountancy

DIGEST

This bill authorizes the California Board of Accountancy (Board) to act without the presence of its president or vice-president under specified circumstances, permits the Board to admit qualified applications to the certified public accountant (CPA) examination prior to completing the educational requirements under specified circumstances, and changes the coursework requirements for CPAs.

EXECUTIVE SUMMARY

Current law authorizes the Board to license and regulate CPAs practicing in California. This bill makes several changes to the Board's authorizing statutes at the request of the Board, with the goal of improving the Board's ability to protect consumers. First, the bill authorizes the Board to convene in the absence of its president or vice president, with either the secretary-treasurer or another previously designated Board member presiding. Second, the bill permits the Board to admit an applicant to the CPA examination who has not yet completed the educational requirements, if the applicant is enrolled in a degree-granting institution and is within 180 days of completing those requirements. Finally, the bill alters the educational requirements for CPAs by allowing their ethics/professional responsibility course requirements to be satisfied with coursework on auditing or fraud. The bill also modifies the provision exempting licensee and applicant email addresses from disclosure under the California Public Record Act; the author has agreed to accept amendments adding a Legislative finding relating to the need for the exemption.

This bill is sponsored by the Board and supported by State Treasurer Fiona Ma and the California Society of CPAs. There is no known opposition. This bill passed out of the Senate Business, Professions and Economic Development Committee on a 7-0 vote.

PROPOSED CHANGES TO THE LAW

Existing law:

- 1) Establishes the Board within the Department of Consumer Affairs, and empowers the Board to license and regulate CPAs practicing in California, and repeals those provisions on January 1, 2024. (Bus. & Prof. Code, div. 3, ch. 1, §§ 5000 et seq.)
- 2) Provides that the Board must have 15 members, who shall elect from among themselves a president, vice president, and secretary-treasurer as officers. (Bus. & Prof. Code, §§ 5000, 5003, 5004.)
- 3) Provides that the president shall preside over all meetings of the Board, or if they are absent or unable to act, the vice president shall preside. (Bus. & Prof. Code, § 5007.)
- 4) Requires applicants applying for Board registration or renewal to provide a valid email address if they have one, and that those email addresses are not considered a public record and may not be disclosed pursuant to a request under the California Public Records Act (CPRA). (Bus. & Prof. Code, §§ 5070, 5070.5.)
- 5) Provides that, to qualify for a CPA license, an applicant must provide evidence that they have completed specified coursework in accountancy at a degree-conferring university, college, or institution of higher learning, including a specified number of credits in accounting and business-related subjects; and that the applicant must pass an examination prescribed by the Board. (Bus. & Prof. Code, § 5093.)
- 6) Requires an applicant for admission to the CPA examination to present satisfactory evidence to the CBA that the applicant has completed a bachelor or higher degree conferred by a degree-granting college, university, or educational institution approved by the CBA. (Bus. & Prof. Code, § 5093(b)(1).)
- 7) Requires an applicant for a CPA license to have completed at least 3 semester units or 4 quarter units in courses at an upper division level or higher devoted to accounting ethics or accountants' professional responsibilities, unless the course was completed at a community college, in which case it need not be completed at the upper division level or higher. (Bus. & Prof. Code, § 5094.3.)

This bill:

- 1) Provides that, if both the president and the vice president of the Board are absent or unable to preside over a Board meeting, the secretary-treasurer may preside; or, if all officers are absent or unable to preside, a Board member designated by the Board president may preside.

- 2) Provides that any email address provided to the Board by an applicant or licensee shall not be considered a public record and may not be disclosed under the CPRA.
- 3) Permits the Board to admit an applicant to the CPA examination before the applicant has completed their required educational coursework, if the applicant is enrolled in a qualified higher educational institution and is within 180 days of completing the requisite coursework. If an applicant is admitted under this provision:
 - a) The applicant must provide evidence that the coursework has been completed within 240 days of submitting the application for the Board examination.
 - b) Failure to provide timely evidence within 240 days may result in the loss of any credit received for passage of any part of the CPA examination before the evidence is provided.
- 4) Expands the requirement that an applicant complete three semester units or four quarter units on topics of ethics or accountants' professional responsibilities so that an applicant may satisfy the requirement with coursework on auditing or fraud.
- 5) Makes other minor technical and clarifying changes.

COMMENTS

1. Author's statement

According to the author:

AB 298 will further the California Board of Accountancy's consumer protection mission. This bill will streamline the process for applicants to complete the Uniform Certified Public Accountant Exam, support the Board's authority to conduct its board meetings, clarify the privacy of the Board's licensee and applicant email addresses, and add coursework in fraud and auditing to be included as allowable to meet the ethics education requirement. These non-controversial changes will ensure the Board can continue conducting its licensing and enforcement functions to provide Californians with a strong accounting workforce.

2. This bill makes minor changes to the Board's meeting requirements and CPA applicants' educational requirements

The Senate Business, Professions and Economic Development Committee has considered this bill's changes to the Board's governing structure, the permission granted to CPA examination applicants to register for the exam in anticipation of completing their coursework, and the changes to the required CPA coursework. The analysis of that Committee is incorporated here by reference. There is no opposition to

the bill, and these measures appear to be reasonable changes that will (1) allow the Board to conduct its business if the president and vice president are unavailable, and (2) remove an unnecessary delay for students who wish to apply for the CPA examination.

3. This bill potentially expands the circumstances in which CPA applicant or licensees' emails may not be disclosed as public records

California generally recognizes that public access to information concerning the conduct of the people's business is a fundamental and necessary right.¹ At the same time, the state recognizes that this right must be balanced against the right to privacy.² The general right of access to public records may, therefore, be limited where records include personal information.³

Current law provides that CPA applicants' and licensees' email addresses provided to the Board in connection with an application for licensure or renewal are not public records and are not disclosable under the CPRA, in the interest of protecting the applicants' and licensees' privacy.⁴ This bill deletes the provisions making applicants' and licensees' email addresses private only in the context of applications and instead makes applicants' and licensees' email addresses private whenever they are submitted to the Board. While it is not clear whether this amendment will result in additional records being rendered private and not subject to disclosure under the CPRA, there is no apparent reason why applicants' and licensees' email addresses should be subject to disclosure as public records. Thus, to the extent this bill secures applicants' and licensees' privacy in their email addresses, this bill appears consistent with the state's right to privacy and limits on disclosure of public records. As discussed in the next section, the author has agreed to an amendment to add a Legislative finding on the need for the CPRA exemption.

4. Amendments

The author has agreed to the below amendments, which correct a typographical error and add a Legislative finding on the need to protect licensees' and applicants' personal email addresses from disclosure.

Amendment 1

On page 5, in line 40, strike out "ethics or" and insert "ethics,"

¹ Cal. Const., art. I, § 3; Gov. Code, § 6250.

² Cal. Const., art. I, § 1.

³ E.g., Gov. Code, §§ 6254(c), 6254.1, 6254.3, 6254.35(b)(9).

⁴ See Bus. & Prof. Code, §§ 5070, 5070.5.

Amendment 2

On page 6, below line 38, insert:

“SEC. 7. The Legislature finds and declares that Section 2 of this act, which adds Section 5009.5 of the Business and Professions Code, imposes a limitation on the public’s right of access to the meetings of public bodies or on the writings of public officials and agencies within the meaning of Section 3 of Article I of the California Constitution. Pursuant to that constitutional provision, the Legislature makes the following findings to demonstrate the interest protected by this limitation and the need for protecting that interest:

This act balances the public’s right to access records of the California Board of Accountancy with the need to protect the privacy of applicants and licensees.”

5. Arguments in support

According to the Board, the bill’s sponsor:

AB 298 authorizes the [Board] to admit an applicant to the Uniform Certified Public Accountant Examination (CPA Exam) if they are within 180 days of completing the necessary educational requirements. Early entry to the CPA Exam could reduce the timeframe for applicants to obtain a CPA license by several weeks, or longer, without changing the requirements for licensure.

The bill would also clarify additional provisions of existing law, including confidentiality of licensee email addressed provided to the [Board] and who may preside over [Board] meetings.

Additionally, AB 298 would add two additional courses that would meet California’s ethics education requirements, resolving potential barriers out-of-state applicants face to meet the CPA licensure requirements. These two courses continue to support the [Board]’s strong foundation in ethics.

According to bill supporter Fiona Ma, Treasurer for the State of California:

Under existing law, applicants that are college seniors have to wait for months in order to obtain proof of degree and to get authorized for the [Board] to sit for the Uniform CPA Exam, which is only offered four times a year. The [Board] is also unable to gather for important meetings in the unlikely event that all three of the board officers are unable to act as chair. Furthermore, there is no clarity in the law that protects the emails of licensees and applicants from public disclosure.

AB 298 will streamline the process for applicants to complete the Uniform CPA Exam, support the [Board]’s authority to conduct its board meetings, and clarify the privacy of CBA license and applicant email addresses.

SUPPORT

California Board of Accountancy (sponsor)
California Society of CPAs
State Treasurer Fiona Ma

OPPOSITION

None known

RELATED LEGISLATION

Pending Legislation: None known.

Prior Legislation:

AB 2267 (Irwin, 2020) would have made similar changes to the requirements for the Board meetings and application to the CPA board exam as this bill. AB 2267 died in the Assembly Business and Professions Committee.

AB 1521 (Low, Ch. 359, Stats. 2019) extended the sunset provision for the Board until January 1, 2024, and made other changes relating to the Board's authority.

SB 773 (Negrete McLeod, Ch. 344, Stats. 2011) added ethics and professional responsibility coursework requirements for CPA certification.

PRIOR VOTES:

Senate Business, Professions and Economic Development Committee (Ayes 7, Noes 0)

Assembly Floor (Ayes 77, Noes 0)

Assembly Appropriations Committee (Ayes 14, Noes 0)

Assembly Business and Professions Committee (Ayes 18, Noes 0)
