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FISCAL NOTE

No. 1

Bill Version: CSSB 75(LAC)

(S) Publish Date: 2/13/97

STATE OF ALASKA
1997 LEGISLATIVE SESSION

Revision Date: _____ Department: Commerce and Economic Development
 Title: An Act relating to the regulation of accountants; BRU: Occupational Licensing
and providing for an effective date. Component: Operations
 Sponsor: Senate Rules Committee
 Requestor: Senate Labor and Commerce COMPONENT SERIAL NO. 1844

Expenditures/Revenues (Thousands of Dollars)

OPERATING EXPENDITURES	FY 98	FY 99	FY 00	FY 01	FY 02	FY 03
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES	0.0	0.0	0.0	0.0	0.0	0.0
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 General Fund						
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other 1091 Designated PR						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY 97) cost: \$ 0.0

POSITIONS

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)
 CSSB 75 increases the minimum requirements for CPA examination candidates, and recognizes use of the "EA" designation for Enrolled Agents. New funds are not required to implement this bill.

Prepared by: Jennifer Strickler, Administrative Manager Phone: 465-2144
 Division: Occupational Licensing Date: 2/11/97
 Approved by Commissioner: William L. Hensley Date: 2-12-97
 Agency: Commerce and Economic Development

COMMITTEE PRESENTATION

Senate Bill 75

Requirements for CPA Examinations

SENATE BILL 75 WOULD CHANGE THE APPLICATION CRITERIA FOR TAKING ALASKA'S C.P.A. EXAMINATION EACH MAY AND NOVEMBER. IT WOULD NOT CHANGE THE TEST, NOR THE LICENSING REQUIREMENTS.

IT IS NEEDED BECAUSE OF THE DRAMATIC INCREASE IN FOREIGN NON-RESIDENT APPLICANTS WHO COME TO TAKE THE TEST, BUT WHO DO NOT LIVE OR PRACTICE IN OUR STATE. MANY HAVE NO BACKGROUND IN ACCOUNTING.

CONCERNS FOR THE INTEGRITY OF OUR EXAM PROCESS, AND FOR THE SECURITY OF THE EXAM ITSELF, NECESSITATE CHANGES IN OUR APPLICATION CRITERIA, CURRENTLY THE LOWEST IN THE NATION. RECENTLY, THE STATE OF MONTANA CHANGED ITS MINIMAL REQUIREMENTS TO ELIMINATE THE SAME PROBLEM.

REFERRING TO YOUR PACKET, YOU WILL FIND A SUMMARY SHEET SHOWING THE NUMBERS OF APPLICANTS FOR THE PAST TWO YEARS, AND THE UNUSUAL INCREASE OF FOREIGN APPLICANTS FOR THE NOVEMBER 1996 TEST. THE STATE MAKES NO MONEY ON THESE EXAMS, BUT ONLY ATTEMPTS TO BREAK EVEN, SO THERE IS NO REAL INCENTIVE FOR ALASKA TO PROVIDE THIS SERVICE TO THE WORLD AT LARGE.

THE BILL WOULD ADD TO OUR CURRENT REQUIREMENT OF MERELY HAVING A BACCALAUREATE DEGREE IN ANY SUBJECT IN ORDER TO TAKE OUR C.P.A. EXAM. WE WOULD ADD A MINIMUM AMOUNT OF ACADEMIC COURSE WORK IN COLLEGE LEVEL ACCOUNTING, OR ONE YEAR OF PUBLIC ACCOUNTING EXPERIENCE UNDER THE DIRECT SUPERVISION OF A CERTIFIED PUBLIC ACCOUNTANT, OR THE NEAR-COMPLETION OF A DEGREE PROGRAM IN ACCOUNTING. THESE CHANGES ARE CONTAINED IN SECTION 1.

WE ORIGINALLY HOPED TO ADDRESS THIS PROBLEM IN ORDER TO MANAGE THE MAY 1997 EXAM, HOWEVER, IN DISCUSSIONS WITH THE DIVISION OF OCCUPATIONAL LICENSING, AND IN THE SENATE LABOR

AND COMMERCE COMMITTEE, WE CONCLUDED IT WOULD BE MORE PRUDENT TO ADDRESS THE PROBLEM IN TIME FOR THE NOVEMBER 1997 TEST.

THEREFORE, IN THE L & C COMMITTEE SUBSTITUTE, WE CHANGED THE EFFECTIVE DATE TO JUNE 1ST, 1997. IN THE DRAFT C.S. YOU HAVE, WE HAVE SIMPLY PROVIDED FOR THOSE WHO HAVE ALREADY PASSED AT LEAST TWO COMPONENTS OF THE TEST, THE RIGHT TO TAKE THE REMAINING PORTIONS AFTER THE EFFECTIVE DATE NOW WRITTEN AS JUNE 1ST. THESE CONCERNS ARE ADDRESSED IN SECTIONS 3 AND 4 OF THE BILL.

ANOTHER PROVISION OF SENATE BILL 75, ONE UNRELATED TO THE ABOVE ISSUE, IS TO ALLOW THE PROFESSIONAL USE OF THE DESIGNATION "EA" BY ENROLLED AGENTS, THOSE UNLICENSED ACCOUNTANTS OR TAX PRACTITIONERS ENROLLED BY THE I.R.S. TO ENGAGE IN TAX-RELATED BUSINESS. THIS IS FOUND IN SECTION 2.

THIS BILL IS SUPPORTED BY THE STATE BOARD OF ACCOUNTANCY, THE STATE SOCIETY OF C.P.A.'S, AND THE ALASKA SOCIETY OF INDEPENDENT ACCOUNTANTS.