

Approved: February 15, 2011
Date

MINUTES OF THE HOUSE FINANCIAL INSTITUTIONS COMMITTEE

The meeting was called to order by Chairman Forrest Knox at 3:32 p.m. on February 10, 2011, in Room 152-S of the Capitol.

All members were present except Representatives Hermanson, Grant, and Shultz, all of whom were excused.

Committee staff present:

David Wiese, Office of the Revisor of Statutes
Melissa Calderwood, Kansas Legislative Research Department
Gary Deeter, Committee Secretary

Conferees appearing before the Committee:

Representative Ward Cassidy
Denis Miller, Certified Public Accountant, Norton
Mary McBain, Executive Director, Kansas Society of CPAs
Susan Somers, Executive Director, Kansas Board of Accountancy

Others attending:

See attached list.

The Chair opened the hearing on **HB 2124** - Certified public accountants; allowing professional corporations to practice in partnership with other corporations or individuals and register with the board of accountancy as a partnership.

Staff Melissa Calderwood reviewed the salient points of the bill, saying that the bill permits a professional corporation to be in partnership with one or more corporations or individuals and to be registered with the Kansas Board of Accountancy. It also removes a limitation placed on professional corporations in current law, a limitation prohibiting a professional corporation in partnership with one or more corporations or individuals from registering with the Kansas Board of Accountancy. She added that the bill would have no fiscal impact on the Board's budget.

Proponents:

The Chair welcomed Representative Ward Cassidy, the sponsor of the bill; he introduced Denis Miller, a Certified Public Accountant from the Mapes and Miller partnership in Norton. Mr. Miller explained that the partnership was formed in 1990, prior to the creation of limited-liability corporations, comprising two professional corporations as partners (Attachment 1). He noted that revisions to the statutes (**K.S.A 1-308(a)(5)**) in 2007 allowed the partnership to accept new professional corporations (associations) as partners, but the present bill provides an additional layer of security. He commented that potential new partners have received legal advice that such a partnership would expose their family holdings to increased risk.

Mr. Miller suggested that, on the advice of the Kansas Board of Accountancy, the bill be amended to

CONTINUATION SHEET

The minutes of the House Financial Institutions Committee at 3:32 p.m. on February 10, 2011, in Room 152-S of the Capitol.

insert the word “professional” before the word “corporations” in paragraph 1-308(e) and on line one of the bill. Responding to questions, Mr. Miller replied that there are other more recent corporate structures; however, the bill will give better protection for his firm's corporate structure, which is a partnership of professional corporations. He sees the present statute as an impediment to accepting another professional corporation as a partner in their firm.

Mary McBain, Executive Director, Kansas Society of CPAs, spoke as a proponent for the bill (Attachment 2). Noting that the Society's 2600-member association includes CPAs in public accounting, business, industry, government, and education, she said that, with the inclusion of the word “professional” inserted before the word “corporation,” the association supports the bill. Answering a question, she said that some CPAs in western Kansas work part-time; the bill primarily addresses such circumstances.

Susan Somers, Executive Director, Kansas Board of Accountancy, responding to an earlier question from a member, explained that when the statute was amended in 2007, only two firms in Kansas had Mr. Miller's corporate structure. When the law was changed in 2007, these two firms were specifically allowed to continue their professional corporation partnerships. She said that, after including the amendment, the Board sees no harm in the bill. A member questioned whether or not the bill might create a tiered registration that could diminish the profession. Ms. Somers replied that it would not.

The hearing on **HB 2124** was closed. The Chair announced that the committee would work the bill at the next meeting.

The meeting was adjourned at 3:52 p.m. The next meeting is scheduled for February 15, 2011, in Room 152-S.