

MINUTES OF THE HOUSE COMMERCE AND LABOR COMMITTEE

The meeting was called to order by Chairman Steve Brunk at 9:00 a.m. on February 16, 2009, in Room 784 of the Docking State Office Building.

All members were present.

Committee staff present:

Renaë Jefferies, Office of the Revisor of Statutes  
Jerry Donaldson, Kansas Legislative Research Department  
Dennis Hodgins, Kansas Legislative Research Department  
Stephen Bainum, Committee Assistant

Conferees appearing before the committee:

Renaë Jefferies, Assistant Revisor  
Tony Scott, Kansas Society of Certified Public Accountants  
Ginger Powell, Kansas Board of Accountancy  
Susan Sommers, Kansas Board of Accountancy

Others attending:

See attached list.

Renaë Jefferies, Assistant Revisor ([Attachment 1](#))

Tony Scott, Kansas Society of Certified Public Accountants ([Attachment 2](#))

Ginger Powell, Kansas Board of Regents ([Attachment 3](#))

Susan Sommers, Kansas Board of Regents

The meeting was called to order by Chairman Steve Brunk at 9:00 a.m. The minutes of February 3<sup>rd</sup>, 4<sup>th</sup>, 5<sup>th</sup>, 9<sup>th</sup> and 10<sup>th</sup> were approved, having been e-mailed to the committee earlier.

The Chairman opened the hearing on **HB 2339** and asked Renaë Jefferies to give an overview of the bill ([Attachment 1](#)).

**HB 2339 - Amending accountancy statutes regarding licensure of firms and individuals, fees, practice privilege and peer review.**

Tony A. Scott gave testimony as a proponent of **HB 2339** ([Attachment 2](#)). He said that the purpose of the bill was to implement the concept of “practice mobility” in Kansas. This would allow CPAs to easily gain a practice privilege outside of their home licensing state without obtaining additional licenses in other states. Currently thirty-three states have enacted provisions similar to the one we are proposing for Kansas. The bill also strengthens the Kansas Board of Accountancy’s regulatory authority by providing for automatic jurisdiction, or “no escape,” should a CPA enter Kansas and perform substandard work or perform an unethical or illegal act.

Representative Grant asked if states around Kansas were reciprocal and were the fees similar across the states? Tony said that we have 54 licensing jurisdictions with uniform language except that everyone wants to have their subtle difference. But 33 states have implemented this legislation and 15 are working on it so fairly quickly all 54 licensing jurisdictions will implement this. The fees are based on a free market concept and we believe clients will continue to hire Kansas CPAs.

Representative Kerschen asked about the increase in the fees. Tony said that the increase was necessary to keep the board revenue neutral. The question of how they arrived at the dollar amount of the fees was deferred to the Board of Accountancy.

Representative Schwab asked why the phrase “any combination” was stricken on page 11 but not on page 10 of the bill. Renaë said they would have to ask the Board that question.

Representative Quigley asked if it was typical for CPAs to practice in more than one state. Tony said that it was very common for them to practice in multiple states.

## CONTINUATION SHEET

Minutes of the House Commerce And Labor Committee at 9:00 a.m. on February 16, 2009, in Room 784 of the Docking State Office Building.

Ginger Powell, Kansas Board of Accountancy testified as a proponent of **HB 2339** (Attachment 3).

Representative Brunk asked about New Section 1, are these new powers given to the Board? Ginger said that yes they are new powers which were made necessary because of the reciprocal nature of the bill.

Susan Sommers, Kansas Board of Accountancy said that the Board was one of only a few that did not have subpoena power. Sometimes they need to get a document before they can file a petition and this makes that possible. With out of state CPAs coming into the state it is even more important that we have that power.

Representative Brunk ask what was the difference between the authority you have now and the authority you are requesting. Susan said it was that the subpoena power can come first rather than after a petition has been issued. There is protection for the person being subpoenaed, they have five days to go to a judge and ask for a change in the scope of the subpoena.

Representative Brunk asked if five days was long enough. Susan said yes, it is long enough and this is not an unusual request. The language is plagiarized from other regulatory boards that have this power.

Representative Brunk mentioned that there were a couple of questions about fee structure increases. One is fees for services and another is fees for fines. Susan said the reason for the increase of individuals fees is that this is a maximum fee, this is a cannot exceed level. We cannot currently charge any more than we are now charging and the Board has not changed fees since 1999. With the mobility impact we need the ability to adjust.

Regarding Representative Schwab's and Grant's question, on page 10 line 1 the words "or any combination" needs to be struck. That particular section deals with individuals, the next section on page 11 is for fines.

Representative Worley asked what determines when a CPA needs to register in the state of Kansas? Susan replied that under current law if you have an office in Kansas you have to be licensed individually and your firm must be registered with us. If you are an out of state firm, the individual must be registered with us and the firm must be registered with us. With this bill the out of state CPAs don't have to be registered with us but the firm does if it is providing a tax service.

Representative Kerschen ask who would benefit more from the mobility. Susan could not answer that question because they do not track those statistics. She did comment that 27% of their license fees are from out of state CPAs.

Representative Ruiz asked if CPAs have a fee guideline similar to what doctors have. Susan said no, it is what the market will bear.

Representative Schwab asked why they didn't place the fee increases in a separate bill and what would the fees be. Susan said that it would take a two year process to work the answer out. We don't know how many will choose to work across state lines. The fees are in the bill because they are part and parcel of the mobilization. Nationwide this is not an unusual fee.

Representative Brunk asked how are we protecting the standards for the consumer with out of state CPAs coming into Kansas. Susan said that there are standards that every CPA must abide by. If they don't abide by these standards they can be disciplined for it. These standards are now becoming national standards. If any state does not have these standards they can not come into Kansas and practice.

Representative Hermanson asked how the Board was going to monitor the out of state CPAs. Susan said that in their profession everything was on paper. They do not know about it ahead of time. Complaints are after the fact. If the board finds out that an out of state CPA has not followed the rules they will treat them just as the Kansas CPA is treated. Then the other state also has an obligation to investigate that person for the violation in Kansas.

Representative Quigley asked why someone would continue to be licensed in Kansas if they are not required to. Susan said that some people just like to have the license and it may be that in their state there are other

CONTINUATION SHEET

Minutes of the House Commerce And Labor Committee at 9:00 a.m. on February 16, 2009, in Room 784 of the Docking State Office Building.

agencies that require them to have the license.

The Chairman closed the hearing on **HB 2339** and called for the Committee to work **HB 2067**.

**HB 2067 - Kansas home inspectors registration board; removing the secretary of state as custodian of the board's records.**

He explained that the purpose of working this bill was that if **HB 2260** was not passed into law it would leave the Secretary of State with the responsibility of keeping the records of the Home Inspectors Registration Board.

Representative Worley made a motion to pass out **HB 2067** favorably for passage. Representative Gatewood seconded the motion. The motion carried.

The Chairman then called for the Committee to work **HB 2142**.

**HB 2142 - Cities; continuing education requirements for plumbers, electricians and certain mechanical contractors.**

Rena Jefferies, Assistant Revisor passed out the Tim Ryan Balloon on the bill (Attachment 4). It was a change of the word "or" to "and" on several pages.

Representative Worley passed out his balloon amendment and explained the changes it was making on pages 1, 2, 3 and 4 (Attachment 5).

Representative Grange said that there are code changes to the code books and there may be local changes.

Representative Grange made a motion to accept the changes in Worley's Balloon Amendment. Representative Schwab seconded the motion. The motion carried.

Representative Grant made a motion to pass out **HB 2142** favorable for passage as amended. Representative Grange seconded the motion. The motion carried.

Representative Schwab made a substitute motion to add equipment manufacturers to those providing continuing education.

Representative Grange said that the language "or other provider approved by a local governing body" encompasses that language without adding the language to the bill.

Representative Schwab withdrew his substitute motion.

There was no further discussion so the Chairman called the question. The motion carried to pass **HB 2142** favorably for passage as amended.

The next meeting is scheduled for February 17, 2009.

The meeting was adjourned at 10:28 a.m.