

# Fiscal Note & Local Impact Statement

122<sup>nd</sup> General Assembly of Ohio

**BILL:** Am. Sub. S.B. 200 (with amendments 5351, 5428, and 6062) **DATE:** December 1, 1998

**STATUS:** In House Civil and Commercial Law **SPONSOR:** Sen. Cupp

**LOCAL IMPACT STATEMENT REQUIRED:** No — Minimal cost

**CONTENTS:** Permits certain persons who do not hold a license to practice as an accountant to acquire an ownership interest in public accounting firms, makes definitional changes regarding the "practice of public accounting," expands discipline for infractions.

## State Fiscal Highlights

STATE FUND	FY 1998	FY 1999	FUTURE YEARS
<b>Occupational Licensing and Regulatory Fund (GSF Fund 4K9)</b>			
Revenues	- 0 -	- 0 -	- 0 -
Expenditures	- 0 -	Potential minimal increase	Potential minimal increase

- The bill permits individuals who do not hold an Ohio permit to practice public accounting to acquire an equity interest in a public accounting firm.
- The bill increases the investigatory responsibility and powers of the State Accountancy Board and thus involves a potential minimal increase in associated costs.

## Local Fiscal Highlights

LOCAL GOVERNMENT	FY 1998	FY 1999	FUTURE YEARS
<b>Franklin County Court of Common Pleas</b>			
Revenues	- 0 -	Potential minimal gain	Potential minimal gain
Expenditures	- 0 -	Potential minimal increase	Potential minimal increase

- Since the bill establishes that the Franklin County Court of Common Pleas can issue contempt citations and sanctions supporting the Board's investigatory powers, the court could receive a small amount of fine revenue. Expenditures for prosecutions and incarceration, if any, would be minimal.



---

## *Detailed Fiscal Analysis*

### **State Accountancy Board**

The bill permits a person who does not hold an Ohio permit or a foreign certificate from another state to own an equity interest in a public accounting firm if certain conditions are met. These include all of the following nine conditions: (1) that a majority of the equity interests are owned in the aggregate by persons who hold an Ohio permit or a foreign certificate, (2) that the person does not assume or use any title or designation that is reserved only for those who hold a CPA certificate and an Ohio permit, (3) that the person is not in violation of standards of character or conduct established by rule of the board, (4) that the person's participation in the business of the public accounting firm is the person's principal occupation, and that the person is not functioning as a passive investor in the public accounting firm, (5) that the individual has graduated with a baccalaureate or higher degree conferred by a college or university approved by the board, (6) that the person meets or exceeds the continuing education requirement of his or her field, (7) that if the person holds a professional license, registration or certification issued by this state or another state, the person complies with the requirements of that license, registration, or certification, (8) that the person abide by the code of conduct of the American Institute of Certified Public Accountants or other professional code of conduct adopted by the board, and (9) that the person comply with all applicable provisions of law and rules adopted by the board.

Under current law, the board has authority to conduct peer reviews of persons or firms falling under the terms of chapter 4701 of the ORC, and to discipline persons or firms for infractions of the law. This bill expands the investigatory powers of the Accountancy Board to establish a peer committee to conduct an investigation prior to disciplinary hearings. During an investigation, the board may administer oaths, issue subpoenas, compel attendance and testimony at deposition, and compel the production of evidence. Witnesses who appear in response to subpoena may request and shall receive the fees and mileage provided for witnesses in civil cases in courts of common pleas. This may result in a minimal increase in expenditures for the Board.

If a person fails to comply with a subpoena or order issued by the board, the board may petition the Franklin County Court of Common Pleas for an order compelling compliance. As a sanction, the court may issue any contempt citation and sanction that it deems appropriate.

### **Penalties**

Section 2705.05 of the Revised Code lists the penalties that may be imposed for being found guilty of contempt.

<b>Contempt Sanctions:</b>		
<u>Offense Level</u>	<u>Personal Fine</u>	<u>Maximum Sentence</u>
First Offense	Up to \$250	30 days
Second Offense	Up to \$500	60 days
Third or Subsequent Offense	Up to \$1000	90 days

*Local Revenue and Expenditures*

In the event of contempt proceedings, fine revenue may be generated for the Franklin County Court of Common Pleas. But as there most likely will be very few cases reaching contempt proceedings, the amount of revenue to be generated should be extremely small. On the expenditure side, the county will bear the cost of prosecution in these cases, an amount also expected to be very small.

□ *LBO staff: Susan Ackerman Murray, Budget/Policy Analyst  
Steve Mansfield, Budget/Policy Analyst*

*H:\FN122\SB0200h1.doc*