

SENATE BILL 1708  
By Atchley

AN ACT to amend Tennessee Code Annotated, Title 4; Title 8; Title 12 and Title 62, and other appropriate titles, relative to the practice of accountancy.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Section 62-1-104, is amended by deleting such section in its entirety and by substituting instead the following:

Section 62-1-104. (a) There is hereby created a state board of accountancy.

(b)(1) The board shall be composed of nine (9) members appointed by the governor, all of whom shall be certified public accountants holding a certificate issued by, and residing in, the state of Tennessee. Persons shall be appointed to the board by the governor from a list of qualified certified public accountants submitted by the Tennessee Society of Certified Public Accountants.

(2) The nine (9) certified public accountants who are members of the board of accountancy prior to the effective date of this act shall constitute the initial board of accountancy created by this act. Such members shall continue to serve for the duration of their original terms established at the time of their original appointment.

(3) Appointments to the board shall be made in a manner so as to provide equal representation from each of the three (3) grand divisions of the state.

(4) In making appointments to the board, the governor shall strive to ensure that at least one (1) person serving on the board is sixty (60) years of age or older and that at least one (1) person serving on the board is a member of a racial minority.

(c)(1) Except as provided in subsection (b), each board member's term shall be three (3) years.

(2) Members of the board shall not be eligible to serve more than three (3) successive complete terms.

(3) Vacancies occurring during a term shall be filled by appointment for the unexpired term as provided in subsection (b)(1).

(4) Upon expiration of a member's term of office, the member shall continue to serve until a successor is appointed.

(5) The governor shall remove from the board any member for neglect of duty or other just cause.

SECTION 2. Tennessee Code Annotated, Section 62-1-105, is amended by deleting subsection (c) in its entirety and substituting instead the following:

(c)(1) The board shall retain, and establish the qualifications and compensation for, an executive director, administrator, investigator, attorneys and other staff determined by the board to be necessary for the board's operation. The persons employed by the board shall serve at the pleasure of the board. The board shall determine annually in advance its expenditures, including occupancy expense, equipment, salaries and benefits, quality review and other professional programs in participation of the activities of the National Association for State Boards of Accountancy. The total expenditures projected by the board shall be budgeted not to exceed the fees received by the board, including the accrual of fees previously received.

(2) Except as provided in subdivision (3), persons employed by the board shall not participate in the Tennessee consolidated retirement system or the state of

Tennessee group insurance plan, but shall be eligible for such equivalent retirement plan and group insurance plan as established by the board pursuant to § 62-1-105.

(3) A person employed by the board who, on the effective date of this act, has vested benefits in the Tennessee consolidated retirement system, shall continue to participate in the Tennessee consolidated retirement system as long as such person is employed by the board. The board shall make payments to the appropriate fund in the state treasury equal to the state's contribution to the Tennessee consolidated retirement system with respect to such individuals.

SECTION 3. Tennessee Code Annotated, Section 62-1-105, is amended by adding the following new subsections to be appropriately designated:

( ) The board's fiscal year shall be from July 1 through June 30 of the following calendar year. On or before October 1, 1998, the board shall submit to the commissioner of finance and administration an audited report of its income and expenses for the previous fiscal year. Any part of the fund of the board remaining at the end of a fiscal year shall be carried forward and remain in the sole control of the board, to be expended in accordance with the provisions of this chapter.

( ) The board shall have the authority to purchase or lease office space, to purchase or lease equipment and to contract with persons to carry out the duties and responsibilities of the board as set forth in this chapter; however, the board shall have no authority to contract with others to make rules or to take the actions set forth in § 62-1-111.

( ) The board shall bill, collect and retain for its own account fees authorized pursuant to this section, and the board shall have the authority to establish accounts in its own name and prudently invest all monies in its control.

( ) The board shall establish for its employees retirement and insurance plans substantially equivalent to the plans for state employees under the Tennessee consolidated retirement system and the state of Tennessee group insurance plan.

( ) The board shall have the authority to establish endowed scholarships at Tennessee institutions of higher learning for students who are pursuing a course of study leading to the level of concentration in accountancy necessary to qualify to sit for the certified public accountant examination.

SECTION 4. Tennessee Code Annotated, Section 62-1-105(f), is amended by deleting the last sentence in its entirety.

SECTION 5. Tennessee Code Annotated, Section 62-1-121, is amended by deleting such section in its entirety and by substituting instead the following:

(a) The total fund balance on deposit in the state treasury held in a separate fund known as the "fund of the state board of accountancy" as of January 1, 2000, shall be transferred from such fund to the board of accountancy, to be held in its own account pursuant to § 62-1-105.

(b) Disbursements made by the board of accountancy for the purpose of defraying the expenses incurred in the implementation and enforcement of this chapter shall be solely from the funds transferred to it and collected by it pursuant to this chapter, and no such expenses shall be payable from the general fund of the state.

SECTION 6. Tennessee Code Annotated, Section 4-3-1011, is amended by adding a new subsection (d) as follows:

(d) This section shall not apply to the state board of accountancy, provided that the commissioner shall determine from time to time that a regulatory fee for the state board of accountancy in lieu of any allocation of indirect cost that otherwise would be allocated to such board, and regulatory fees shall be included in the fee established by the state board of accountancy pursuant to § 62-1-105.

SECTION 7. Tennessee Code Annotated, Section 4-3-1304, is amended by deleting subdivision (3) in its entirety, and inserting in subdivision (15) between the word "included" and the word "the" the language and punctuation "the state board of accountancy".

SECTION 8. Tennessee Code Annotated, Section 8-30-101(a)(23), is amended by adding a new subdivision (M), as follows:

(M) The state board of accountancy;

SECTION 9. Tennessee Code Annotated, Section 12-3-103(a), is amended by inserting the following as new subdivision (1) and by renumbering the existing subdivisions accordingly:

(1) The state board of accountancy;

SECTION 10. Tennessee Code Annotated, Section 12-4-109(b), is amended by adding the following language to the end thereto:

This section shall not apply to contracts for services entered into by the state board of accountancy pursuant to § 62-1-105.

SECTION 11. This act shall take effect January 1, 2000, the public welfare requiring it.