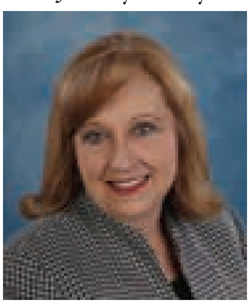
TSCPA's Agenda for the 2017 Legislative Session

By **Kathryn W. Kapka**, CPA | 2016-2017 TSCPA Chairman and **John Sharbaugh**, CAE | TSCPA Executive Director/CEO

While many CPAs are beginning to turn their attention to the upcoming tax season and year-end audits, some TSCPA members are also looking ahead to the 85th session of the Texas Legislature that convenes in January. The Texas Legislature only meets in odd-numbered years from January to May and much can happen during that time.



By the time the session begins, TSCPA will be ready with a legislative agenda. The Legislative Advisory Committee (LAC), with volunteers from all across the state, considers the legislative landscape as it impacts the accounting profession and recommends a specific agenda for TSCPA prior to each session. Once approved by the Executive Board, all the volunteers involved in the legislative process become acquainted with the agenda.

At its October meeting, the LAC recommended that the agenda items include TSCPA seeking to repeal Gov. Code Sec. 2266, *Texas Exception to GASB Statement 45 requiring reporting liabilities for Other Post-Retirement Benefits* (OPRB). In 2009, the Legislature passed a bill that excused state and local governments in Texas from complying with Governmental Accounting Standards Board (GASB) Statement 45, which requires reporting liabilities for OPRBS. Although TSCPA opposed the bill, we were unable to keep it from passing. However, we were successful in getting the bill amended so that it was not mandatory and each local government could choose whether or not to comply with the requirement.

The law established a new acceptable accounting standard for something called "pay as you go" accounting, which simply meant you didn't have to recognize liabilities if you didn't want to. As a result, CPAs would not be able to give an entity using this exception a clean opinion, because the entity would not be complying with generally accepted accounting principles (GAAP).

The first year the law was in effect, the state of Texas and Travis County tried to use the exception. The state auditor refused to give the state a clean opinion unless they revised the statements, which resulted in the state issuing two sets of financial statements, one of which complied with GAAP and got a good opinion from the state auditor; the other was not reviewed by the state auditor. Travis County's auditor was unable to give a clean opinion on the county's financials.

GASB would like the law to be repealed, but to do so will require a repeal of Government Code Section 2266.

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The other item the LAC proposed for TSCPA's legislative agenda is to oppose any efforts to levy a sales tax on professional services. Opposition to sales taxes on professional services has been a long-standing legislative position for TSCPA and we will be monitoring all new tax bills in case it becomes an issue during the upcoming session.

The LAC also considered possible changes to the Texas Public Accountancy Act (TPAA) as follows, but decided to defer those changes until 2019 when the TPAA will undergo sunset review:

- firm mobility,
- unilateral international credential recognition,
- retired CPA status,
- transfer of CPA exam credits, and
- response to a North Carolina Dental Board case.

Please see the Capitol Interest article of this *Today's CPA* magazine for more details about the upcoming legislative session. While this is the proposed agenda, no session passes without issues arising that were not anticipated. TSCPA has a monitoring system in place to detect bills of potential interest and a network of CPAs who volunteer as key persons for individual legislators. These efforts enables us to take action as needed if bills in any way impact CPAs and the accounting profession.

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