

Date of Hearing: August 16, 2023

ASSEMBLY COMMITTEE ON APPROPRIATIONS  
Chris Holden, Chair  
SB 812 (Roth) – As Amended April 27, 2023

Policy Committee: Business and Professions Vote: 19 - 0

Urgency: No State Mandated Local Program: Yes Reimbursable: No

**SUMMARY:**

This bill extends the sunset date for the Tax Preparation Act (act), which provides for the California Tax Education Council (CTEC), by four years, to January 1, 2028.

**FISCAL EFFECT:**

No state costs associated with extending the act and CTEC. The registration of tax preparers is handled by CTEC, a nonprofit regulating entity outside of state government and not supported by state funds.

**COMMENTS:**

- 1) **Purpose.** This bill is the sunset review vehicle for CTEC, authored by the Chair of the Senate Committee on Business, Professions, and Economic Development as part of the committee's review of the authorities and activities of the boards and bureaus under the Department of Consumer Affairs (DCA). According to the author:

This bill ensures continued oversight of tax preparers in California by extending the operations of the California Tax Education Council for 4 years. California consumers are better off with standardized education and professional accountability for professionals who provide fee-based tax preparation services throughout the state.

- 2) **Background.** CTEC is a nonprofit corporation responsible for the registration and enforcement of paid tax preparers in California. Existing law requires paid tax preparers to register with CTEC, obtain a certificate of completion of specified tax education curriculum, and maintain a surety bond of \$5,000 payable to the State of California. On June 30, 2022, a total of 38,278 individuals had registered with CTEC. The program sunsets on January 1, 2024.

One of the issues raised during the sunset review process was the implementation of AB 3143 (Low), Chapter 597, Statutes of 2018, which, in part, required applicants, beginning July 1, 2020, to submit fingerprints to the Department of Justice (DOJ) for both a state and federal background check as a condition of registration with CTEC. According to CTEC the Federal Bureau of Investigation has been unable to provide the federal criminal history piece of the applicant background check to CTEC due to issues with the state's statutory

authorization. The author is continuing to work to resolve this issue. This bill could be further amended to reflect a resolution, should one be forthcoming.

- 3) **Related Legislation.** This bill is one of eight sunset review bills moving through the legislative process this session. SBs 813, 814, and 815, also authored by Senator Roth, are pending in this committee. ABs 1262 and 1263, authored by the Assembly Business and Professions Committee, and AB 1257 and 1264, authored by Assemblymember Berman, Chair of the Assembly Business and Professions Committee, are pending in the Senate Appropriations Committee.
- 4) **Prior Legislation.** AB 3143 (Low), Chapter 597, Statutes of 2018, in part, extended the act's sunset date by four years, to January 1, 2023. The CTEC was subsequently extended one more year, to January 1, 2024, by SB 607 (Min), Chapter 607, Statutes of 2021, to adjust the sunset review schedules interrupted during the COVID-19 pandemic.

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