The Voice of the CPA Profession in the Public Policy Arena

**Comprehensive Advocacy**
CalCPA’s strategic priority includes advocacy, where the brand of CalCPA and its membership is leveraged to solidify relationships with policymakers and facilitate positive policy outcomes for the profession. As a core CalCPA member benefit, CalCPA will always advocate for the profession and its members in the public policy arena. To effectively accomplish this, CalCPA relies on the support of all its members working in large, medium, and small public accounting firms, and businesses throughout California.

**Government Relations Professionals in Sacramento** – CalCPA supports a fulltime government relations operation in Sacramento that advocates for the CPA profession with the Legislature, the California Board of Accountancy, the Governor’s Administration, tax agencies and other state agencies as needed. Key components include anticipating and responding to policy proposals that affect the profession, develop strategic relationships with policy makers and advocacy stakeholders, provide public comments on proposed legislation or regulations, and keeping members apprised of emerging issues.

**Grassroots Network of Engaged Member Leaders** – CalCPA continuously works to create a robust grassroots network that can be leveraged to support and advance the legislative and political objectives of CalCPA and the profession. Dedicated resources are committed to executing the operational logistics to train grassroots contacts and facilitate meetings with key legislators. Grassroots messaging positions CalCPA members as the face of policy issues that impact the profession and brands the CPA profession and CalCPA members as community leaders investing in California’s future. Our relationships at the local level are the heart of our advocacy efforts. Major components include:

- **Legislative Summit & CPA Day:** CalCPA organizes an annual advocacy day with 200+ CalCPA members in the Capitol to meet and establish long-term relationships with legislators and their staff. A legislative summit was added to the meeting to allow for a platform for members to hear from a variety of panels on a wide-range of policy issues.

- **District Visits:** We train and engage CalCPA members to participate in grassroots advocacy by providing the resources and opportunities to meet with policy makers in their districts. Each year we target 40+ visits across 14 chapters.

- **Financial Literacy:** Through CalCPA’s Institute, financial literacy events are offered and coordinated with a diverse set of legislators and community organizations. These efforts are leveraged to brand the CPA profession with legislators across the state. Each year we organize 15+ events with legislative offices.

**Political Action Committee** – CPA-PAC is a CalCPA member-managed political action committee that enhances advocacy efforts by providing an additional opportunity to remain well-connected to decision makers and demonstrate that the profession is meaningfully engaged in the political process. CPA-PAC uses a strategic giving strategy that leverages shared resources for the most impactful outcome for the profession. The coordination in political giving presents legislators and candidates a unified profession engagement in the political process that echoes the same coordination on the policy side.

**Member-to-Member Integration** – CalCPA volunteer leaders participate in committees, legislative action groups, and other taskforces to provide staff and consultants with technical resources and historical context on issues important to the profession. CalCPA members rooted in communities across the state not only provide a local voice and face to issues, but also a wide range of technical experts on almost any issue that could emerge.

**National Presence** – CalCPA maintains a national presence by liaising with NASBA, AICPA, other state societies, and other national organizations. CalCPA regularly participates with leaders in the profession in the development of national policy priorities and strategy. Not only does this support competency of national profession issues, but it also allows CalCPA to tap into national resources and grow a strong advocacy program across the country.

**Pipeline and Licensing Outreach** – CalCPA continues to work with the CBA and other stakeholders to streamline the licensing process to allow for future licensees to move through the pipeline as efficiently as possible. CalCPA publicly collaborates with the CBA to help educate students and candidates on the licensing process and to welcome them to the profession.
Current political and policy issues of interest to the profession

CBA Relationship – CalCPA serves as the face of the CPA profession with the appointed members of the CBA and board staff. This includes regular participation in all CBA meetings and interacting with key CBA members and staff to help shape board actions that impact CPA licensing, enforcement, peer review, and oversight of the profession.

CPA Licensing – CalCPA is working with the CBA to make adjustments to the existing licensure process to provide increased flexibility and efficiency for applicants as they work toward their license.

- **Consideration of the CPA Experience Requirements Taskforce (CERT)** – CalCPA is engaged with the CBA and its taskforce examining the necessity and sufficiency of the current experience requirement – particularly as it relates to the dual license model (attest “A” license and general “G” license).
- **AB 298** – Legislation to fast-track the process for a candidate to sit for the Uniform CPA Exam and add flexibility to the current ethics education requirements for licensure. CalCPA helped shepherd this legislation through the legislative process quickly and without opposition.
- **CPA License Renewal** – CalCPA is coordinating with the CBA to streamline the new online CPA license renewal, particularly as it relates to connecting CalCPA’s CPE tracker with the CBA’s CPE documentation portal.
- **CPA Mobility & Streamlined Out-of-State Licensing** – CalCPA worked to make CPA mobility permanent and continued to initiate discussions with CBA staff to clarify the process for out-of-state CPAs working towards a CA license. Discussions with CBA staff helped identify several points that created a more efficient and timely process.
- **Signature Requirement for Experience** – CalCPA took the lead in working with CBA staff to initiate a regulatory change to remove an outdated requirement for two signatures necessary to meet the experience requirement for licensure. This will bring the requirement into alignment with other states and the Uniform Accountancy Act.
- **CPA Evolution** – NASBA and AICPA are pursuing a new licensing framework that incorporates additional technology skill sets. CalCPA is working with the CBA and other stakeholders to ensure CA is prepared to seamlessly transition.

Tax Regulators – CalCPA leverages its brand as impartial tax experts to build on an already solid relationship with state tax regulators to provide profession input on a number of tax matters. Recent example includes sending a comment letter to FTB on regulatory language to communicate the profession’s concerns with changes to language that guided the tax liability calculation for CPA firms. Similarly CalCPA works with the AICPA on federal advocacy to improve IRS service and operations.

Tax Treatment of PPP Loans and other Federal Relief Programs – CalCPA advocacy was key in facilitating state direction and clarity on the tax rules for PPP loans and other federal relief programs after meetings with key decision makers and advocating for clear guidance for CPAs and their clients.

Pass-Through Entity (PTE) Tax – As part of the state budget, AB 150 establish an elective pass-through entity (PTE) tax as a framework for California taxpayers to structure their state income tax compliance in a manner that provides some relief from the current federal limits on individual state and local tax (SALT) deductions. When the new PTE tax strategy was pieced together, CalCPA worked with key decision makers to outline the importance of this policy and was key in helping it get fast-tracked through the Legislature in February. Subsequent to passage of the initial framework, CalCPA worked to provide comments and recommendations for key expansions and improvements to the framework as outline in SB 113. CalCPA continues to work on opportunities to incorporate additional improvements.

Sales Tax on Services – The current political and policy climate has increased the threat of a services tax. CalCPA is an integral participant and the public face of the CPA profession in a coalition of professional service providers to proactively respond to policy proposals and reframe the narrative.

CalCPA leveraged its grassroots connections to communicate the quantitative research developed by the coalition with key decision-makers. CalCPA also took the public lead on coordinating of targeted public education events with key elected officials to elevate the concerns of a services tax with local business communities and moderate legislators.

Environmental, Social, & Governance Reporting – CalCPA is actively engaged on state and federal proposals that would require reporting and auditing of non-financial data. In CA this includes SB 260 and requirements for reporting/auditing of greenhouse gas emissions. While the scope of reporting is uncertain, CalCPA is representing the profession in these discussions to insure any requirements are clear, consistent, and administrable.
Office of Tax Appeals – CalCPA worked to shape Office of Tax Appeals rules to ensure CPA firms are able to represent clients in the same fashion as before the BOE. This included providing public comments and attending stakeholder meetings on behalf of the profession.

Audit Requirements – CalCPA engaged to stop legislation, AB 1316, which would have placed additional regulatory burdens on CPAs such as additional CPE and peer review requirements. While the focus was on school audits, the precedent would have had lasting consequences for the profession.

Blocked Expansion of False Claims Act to Tax Matters (AB 1270) – CalCPA engaged with a coalition of other businesses and taxpayer groups to neutralize a bill that would have negatively impacted the practice of tax in California and potentially open CPA firms to significant liability.

Consistency of Accounting Standards (AB 1181) – CalCPA opposed an effort to establish new accounting standards that were inconsistent with GAAP. CalCPA was able to successfully advocate for a veto, which avoided a vague non-GAAP state specific accounting standard. This issue received significant attention from NASBA, AICPA, FASB, and national not-for-profits.

Profession Brand & Reputations – CalCPA is working with AICPA and other CPA associations to proactively bolster and promote the brand of trust and integrity of the profession with public policy leaders and regulators.

California Business Climate – Policy proposals that are unfriendly to businesses continue to increase in numbers and severity (Wealth Tax, AB 5, CCPA, limitations on arbitration, etc.). Profession engagement with business community efforts and CalCPA’s efforts branding with legislator have helped mitigate negative impacts. Additionally, taking a more proactive role in communicating qualitative and quantitative messaging with policy leaders the implications of unfriendly business proposals.

Relationship with Administration & Legislature – The Newsom administration and Democratic supermajority requires strategic relationship development with influential moderates. CalCPA’s grassroots network and membership will be essential for the positive relationship development in Sacramento, in the district, and politically.