

SESSION OF 2011

**SUPPLEMENTAL NOTE ON HOUSE BILL NO. 2124**

As Amended by House Committee on  
Financial Institutions

**Brief\***

HB 2124, as amended, would remove a limitation placed on professional corporations in current law and would instead permit a professional corporation to be in partnership with one or more corporations or individuals and be registered with the State Board of Accountancy.

Under the current law, a professional corporation in partnership with one or more corporations or individuals cannot be registered with the Board as a partnership unless it was registered prior to January 1, 2007.

**Background**

The bill was requested by Representative Cassidy. A representative (a CPA) of a firm with professional corporation as partners appeared in support of the bill, indicating that when the firm proposed adding a fifth partner as a professional corporation, the firm was informed by the State Board of Accountancy that the addition was no longer possible due to the change in accounting laws created in 2007. The CPA testified that limiting partners as professional corporations would stifle the growth of accounting practices, particularly in northwest Kansas and that joining the firm as a partner would appear unattractive, if the protection of being a professional corporation is not available. Other proponents appearing in support of the bill at the Committee hearing were the Kansas Society of CPAs and the State Board of

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\*Supplemental notes are prepared by the Legislative Research Department and do not express legislative intent. The supplemental note and fiscal note for this bill may be accessed on the Internet at <http://www.kslegislature.org>

Accountancy. There were no opponents to the bill at the time of the Committee hearing.

The House Committee on Financial Institutions recommended technical amendments to clarify the bill's application to professional corporations. The amendments were suggested by the proponents of the bill.

The fiscal note prepared by the Division of the Budget states that the Board of Accountancy indicates that passage of the bill would have no fiscal effect on its operating budget.