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Tax Enlightenment

2012 CPA Day at the Capitol

By: Elaine Cardiel, *CPA, California Society of CPAs, Silicon Valley San Jose Chapter, Board Member; Berger Lewis Accountancy Corporation, Senior Tax Accountant; and MST Student.*

The California Society of CPAs (CalCPA) is the nation's largest statewide association of CPAs representing more than 38,000 members. The goals of the organization include advocating for members on issues that affect the profession; enhancing and promoting the visibility of the profession; and attracting, educating, and supporting CPAs in their personal and professional development.

To promote these goals, more than 200 CPAs and students from all over California converged in Sacramento on January 18, 2012, to participate in the annual "CPA Day at the Capitol." This event offers CalCPA members an opportunity to meet with California's legislators to discuss issues that impact their clients and profession, to influence the future of the profession in California, and to grow relationships with elected representatives.



How does "CPA Day at the Capitol" work? Weeks in advance, a team at CalCPA diligently schedules each participant to meet with two to three legislators. After being briefed and receiving the appointment schedules from CalCPA, participants proceed to the Capitol building.

The three issues CalCPA asked members to discuss with legislators included interstate commerce, sales tax on services, and financial literacy. Specifically:

- **Interstate Commerce:** The Uniform Accountancy Act model permits cross-border practice privileges for its 48 participating states. Non-participating states include California and Hawaii. Under the model, state boards of accountancy may take action against any out-of-state CPA who provides any service that could be considered the practice of public accountancy. This directly impacts a tax professional, for example, who files multi-state returns.
- **Sales Tax on Services:** In order to increase revenue for the state, there have been discussions regarding the taxation of professional services. What if the tax were imposed on tax professionals? CalCPA poses the question to lawmakers as to whether it is right to impose a sales tax on tax preparation services when Californians are mandated by law to file a tax return.
- **Financial Literacy:** CalCPA offers financial literacy workshops regarding financial topics, such as budgeting, money management, managing credit cards, saving and investing, tax tips,

disaster preparedness, financial preparations and more. CalCPA members wanted to be sure legislators were aware of these public service activities. (Information on CalCPA's Dollar and Sense workshops can be found at <http://www.calcpa.org/Content/25907.aspx>.)

My day included meetings with Assembly members Steve Knight (36th District in Southern California), Jim Beall, Jr. (24th District in the Silicon Valley), and Bill Berryhill (26th District in Central California). As a first time participant in this annual event, I didn't know what to expect. Would the assembly members be invested in the discussions and how in-depth would these discussions be? Would they be tied up by Governor Brown's State of the State address and unable to attend our meetings? What transpired was dynamic and exciting.

I was pleased that Assembly members Steve Knight, Jim Beall, Jr., and Bill Berryhill each made time to meet with us. They were personable, listened to the issues, discussed the issues with us, and asked relevant questions. For example, why wouldn't California want to adopt the Uniform Accountancy Act model? Some CalCPA members believed it was because California, one of the world's largest economies, wanted to adhere to its own standards and operate independent of other states. However, this is not advantageous to CPAs as it limits the ability of California CPAs to practice in other states. On a different note, the legislators were not concerned about the sales tax on services. The issue was not on the legislators' radar, and the group that heavily favored the tax has backed down.

The issue that caught the most resounding support was the need for financial literacy. High school students, college students, foster children, seniors, and home buyers are in need of financial literacy programs. With regard to the urgent need for financial literacy, Assembly member Jim Beall, Jr. told a story about a young man from the foster program who was accepted into Stanford University. The young man got trapped in a cycle of high-interest student loans which he found online. Would a financial literacy program have helped this young man make better choices? Assembly member Bill Berryhill of Stockton emphasized that his district was the foreclosure capital of the country. If the people in his district had the benefit of financial literacy programs, would they have made better decisions regarding the home loans they chose?

The CalCPA members informed the lawmakers that in an effort to promote financial literacy, CalCPA has reached out to high schools throughout California. For schools that are interested, CalCPA will design a financial literacy program specific to the needs of that school and its participants. A small number of schools have embraced the program thus far, and CalCPA is hopeful that more will participate as success stories emerge.

What was my take on visiting lawmakers as part of the CalCPA annual event? I've been a tax professional for six years and spend most business hours in the trenches preparing tax returns and providing tax assistance to clients. It's important to step away from the daily grind in order to understand the bigger picture. As time and technology changes, so do the issues that impact CPAs, the profession, and the clients we represent. CalCPA's "Day at the Capitol" provided the opportunity to become aware of those issues and to see this bigger picture through the eyes of seasoned CPAs, students, legislators, and their constituents.