

# S.2505 / A.3005, Part B

STAFF CONTACT : Ken Pokalsky | Vice President | 518.694.4460

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| <b>BILL</b><br>S.2505 / A.3005, Part B   |
| <b>SUBJECT</b><br>Ownership of CPA Firms |
| <b>DATE</b><br>February 18, 2021         |
| <b>SUPPORT</b>                           |

The Business Council strongly supports this legislation that allows public accounting firms to incorporate in New York State with minority ownership by individuals who are not Certified Public Accountants. Similar legislation has passed the Senate six times since 2014, mostly with unanimous, bipartisan support.

This practice is currently allowed in forty-seven states. New York's outdated restrictions place in-state firms at a disadvantage when it comes to recruiting and retaining top talent, such as IT experts, data analysts and others that complement a firm's accountancy practice. This amendment will put New York firms on a level playing field with neighboring and competing states.

Expanding opportunities for professional accounting firm ownership will have the beneficial results of creating jobs and strengthening the state's economy. More than 53,000 CPAs are registered in the State of New York, anchoring a national accounting services industry that generates \$94 billion in revenue each year.

Unfortunately, the state's current outmoded regulation is hurting this vital sector of the New York economy, limiting job growth.

Without this update in statute, New York State firms are at a disadvantage when it comes to recruiting and retaining top talent. Unlike Connecticut, New Jersey and most other states, the best and brightest IT people, policy experts, and data analysts are limited by an artificial professional ceiling here.

This legislation will put New York firms on a level playing field so talented individuals in New York have the same opportunities they would in neighboring states.

If expanded professional ownership for CPA firms is enacted, New York could benefit from the creation of nearly 150 new accounting firm partners across the state in the coming year alone (based on the current number of CPA firms and anticipated expansion under the Act), which could generate up to \$66 million in new business activity and \$6.5 million in state-taxable income.

For these reasons, The Business Council strongly supports legislative approval of this legislation.