

HB 1797 -- PUBLIC ACCOUNTING FIRMS

SPONSOR: McGirl

Currently, for an applicant to be eligible to apply for the Uniform Certified Public Accountant Examination (Examination), the applicant must provide proof that the applicant has completed at least 120 semester hours of college education at an accredited college or university recognized by the Board of Accountancy (Board), with an accounting concentration or equivalent as determined by the Board by rule.

This bill replaces the 120 semester hours with obtaining a baccalaureate degree at an accredited college or university recognized by the Board.

Currently, an applicant for a license to be a certified public accountant must have either:

- (1) Applied for the initial examination prior to June 30, 1999, and hold a baccalaureate degree conferred by an accredited college or university recognized by the Board, with a concentration in accounting or the substantial equivalent of a concentration in accounting as determined by the Board; or
- (2) Applied for the initial examination on or after June 30, 1999, and have at least 150 semester hours of college education, including a baccalaureate or higher degree conferred by an accredited college or university recognized by the Board, with the total educational program including an accounting concentration or equivalent as determined by Board rule to be appropriate;

This bill amends that requirement. The bill requires the applicant to meet one of the following educational requirements:

- (1) Hold a baccalaureate degree conferred by an accredited college or university recognized by the Board, with the total educational program including an accounting concentration or equivalent as determined by Board rule to be appropriate;
- (2) Have obtained a baccalaureate degree and completed at least 30 additional semester hours of college education at an accredited college or university recognized by the Board, with the total educational program including an accounting concentration or equivalent as determined by Board rule to be appropriate; or

(3) Hold a postbaccalaureate degree conferred by an accredited college or university recognized by the Board, with the total educational program including an accounting concentration or equivalent as determined by Board rule to be appropriate;

Currently, in addition to the other requirements for licensure as a certified public accountant, an applicant must have one year of experience before being licensed. This bill specifies that the experience will be verified by a licensee and will include any type of service or advice involving the use of accounting, attest, compilation, management advisory, financial advisory, tax or consulting skills, including governmental accounting, budgeting or auditing. The Board will promulgate rules and regulations concerning the verifying licensee's review of the applicant's experience.

Currently, prior to June 30, 2021, an applicant for an examination who meets the specified educational requirements or who reasonably expects to meet those requirements within 60 days after the examination will be eligible for examination if the applicant is also 18 years of age or older and of good moral character. For an applicant admitted to examination on the reasonable expectation that the applicant will meet the educational requirements within 60 days, no license can be issued nor credit for the Examination or any part thereof given unless the educational requirement is in fact met within the 60 day period. This bill repeals that provision.

Currently, an individual whose principal place of business, domicile, or residency is not in this State and who holds a valid and unrestricted license to practice public accounting from any State can have all the privileges of licensees of this State without the need to obtain a license or to otherwise notify or register with the Board or pay any fee.

This bill amends that provision to now allow an individual whose principal place of business, domicile, or residency is not in this State and who holds a valid and unrestricted license in good standing to practice public accounting from any state to have all the privileges of licensees of this State without the need to obtain a license or to otherwise notify or register with the Board or pay any fee provided that at the time of initial licensure, the individual was required to show evidence of having passed the Uniform Certified Public Accountant Examination and of having met one of the following requirements:

(1) A baccalaureate degree conferred by an accredited college or university, with the total educational program including an accounting concentration or equivalent, and not less than two years of experience, both as defined by Board rule;

(2) A baccalaureate degree and the completion of at least 30 additional semester hours of college education at an accredited college or university, with the total educational program including an accounting concentration or equivalent, and not less than one year of experience, both as defined by Board rule; or

(3) A postbaccalaureate degree conferred by an accredited college or university, with the total educational program including an accounting concentration or equivalent, and not less than one year of experience, both as defined by Board rule.

An individual whose principal place of business, domicile, or residency is not in this state; who holds a valid and unrestricted license in good standing to practice public accounting from any state as of December 31, 2024; and who, as of such date, has practice privileges in this state under this subdivision will continue to have all the privileges of licensees in this state without the need to obtain a license or otherwise notify or register with the Board or pay any fee.

Currently, a certified public accountant licensed by another state who establishes a principal place of business in this state can request the issuance of a license from the Board prior to establishing the principal place of business. The Board may issue a license to the person who obtains verification from the NASBA National Qualification Appraisal Service that the individual's qualifications are substantially equivalent to the licensure requirements for a public accountant.

This bill removes the NASBA National Qualification Appraisal Service verification and instead states the Board may issue a license to the person whose qualifications the Board verifies to be comparable to the initial licensure requirements.

Currently, any accountant firm with an office in this state that uses the title "CPA" or "CPA firm" must hold a permit to practice as a certified public accounting firm.

This bill allows a sole practitioner or single-member limited liability company using the title of "certified public accountant", "certified public accountants", "CPA", or any similar abbreviation in its business name to request exemption

from the firm permit requirement by submitting a written request to the Board that affirms the business does not offer or perform attest services or any other services subject to peer review.

Accounting firms with the permit to practice as a certified public accounting firm must undergo, no more frequently than once every three years, peer reviews conducted in a manner as the board specifies. The peer review must be a satisfactory equivalent to peer review generally required by law. This bill changes this to say the peer review needs to be comparable to peer review generally required by law.

Currently, the fees for the peer reviews for accounting firms must be substantially equivalent to the cost of oversight. This bill changes this to say the fee must be comparable to the cost of oversight.