

BOARD OF ACCOUNTANCY STATUTE AND RULE CHANGES IMPACTING PRACTITIONERS AND APPLICANTS FOR EXAM/LICENSURE

APRIL 25, 2024 - REPORT ON ACCOMPLISHMENTS
AND A LOOK TOWARD THE FUTURE

PRESENTATION BY MARTIN PITTIONI,
EXECUTIVE DIRECTOR,
OREGON BOARD OF ACCOUNTANCY
MARTIN.PITTIONI@BOA.OREGON.GOV
503-569-7686 (CELL)

STATUTE AND RULE CHANGES IMPACTING STUDENTS / APPLICANTS FOR LICENSURE

THIS ARENA WAS AND WILL BE THE PRIMARY
FOCUS OF THE BOARD WITH RESPECT TO
REDUCING BARRIERS

CHANGES IN ALLOWABLE INTERNSHIP HOURS (IMPLEMENTED)

- ▶ Increase to 18 quarter hours maximum
 - ▶ Increase the number of allowable internship hours on a transcript that count toward the 150 semester hour requirement from 4 semester hours (6 quarter hours) to 12 semester hours (18 quarter hours).
 - ▶ The Oregon-unique option of allowing a maximum of 4 semester / 6 quarter hours of internships counting toward the accounting-specific upper division bucket, if coded as upper division and an accounting course, was retained.

OTHER
CHANGES
WITH
SIGNIFICANT
IMPACT ON
STUDENTS
AND
CANDIDATES

- ▶ Window for CPA Exam credit begins when the scores are released. (Prior state: date of the first passed section)
- ▶ Adoption of the CPA Exam Credit Relief Initiative (CRI)
 - ▶ **Automatic** extension to June 30, 2025 of exam section credits that expired during the declared federal public health emergency
- ▶ Adoption of an **automatic retroactive** 30-months window to pass the CPA exam sections window
- ▶ Oregon is now a 120 semester / 180 quarter hours to sit for the CPA exam state (licensure requirement unchanged – details on next slide)

OREGON JOINED THE COMMUNITY OF 120-TO-SIT STATES EFFECTIVE JANUARY 1, 2024! (IMPLEMENTED, RULES IN PROCESS)



The OSCPA-led and Board-supported HB 2523 passed the 2023 Oregon Legislature and allows CPA Exam Candidates to sit for the CPA Exam with 120 semester / 180 quarter hours of education, effective January 1, 2024. The Board has now exposed rules to align with the statutory change.



The rules for Oregon exam candidates still require a bachelor's degree and completion of the two "buckets" (upper-division accounting and accounting-related at 24 semester / 36 quarter hours each) before a candidate can sit for the CPA examination. *Neither the bill nor the exposed rules change this.*



HB 2523 did not change initial licensure requirements for CPAs. 150 semester hours / 225 quarter hours of education are still required for initial licensure.



ELIMINATION OF THE WRITTEN WRITE-UP REQUIREMENT

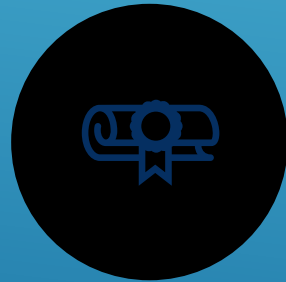
Work experience affidavits simplify the process of documenting work experience



NEW AFFIDAVITS TO SUPPORT A SIMPLER APPLICATION PROCESS



Substantive supervision requirements themselves, and the requirements for CPA supervisors **remain unchanged.**



For foreign applicants, clearer process of applying for a CPA Credential

INITIAL LICENSURE - WHAT HAS CHANGED

THE FUTURE – WILL THERE BE ANOTHER PATHWAY TO CPA LICENSURE?

- ▶ Current national proposal (NASBA's Professional Licensure Taskforce) for a Structured Professional Program (SPP) is under development. It would require 120 semester hours plus two years of structured experience and learning. UAA language could be exposed as early as this fall.
- ▶ Profession is attempting to maintain unity of licensure pathways / options nationally – key goal is to maintain mobility of licensure.
- ▶ No consensus: societies in three states have advanced legislation for 120+2 years supervision as an added licensure option. MN is farthest along in the process. Note: at this time these proposals do not use SPP placeholder language and rely on the traditional supervision model.
- ▶ Many jurisdiction have the option to address such changes by rule. The Arkansas Board is initiating rulemaking to add a 120+2 pathway. At the time of this writing only 8 states require 150 hours ***in statute***.
- ▶ Oregon Board has expressed support for additional 120 semester / 180 quarter hour pathway to licensure with 2 years of supervised experience (potential 2025 session legislative proposal). This is early stages and the Board and its LRC have not yet had an opportunity to consider the recent developments in other states, especially Washington (see below)
- ▶ Passage of HB 1920 in WA state rewriting public accountancy statutes – transferring ability to WA Board to address licensure pathway and substantial equivalency by rule. This gives WA Board a great deal of flexibility to adopt to profession changes. The Oregon Board and its LRC will consider this approach closely in upcoming meetings.

OTHER CHANGES COMING IMPACTING STUDENTS

- ▶ Board is working on a 2025 Oregon legislative session proposal to transfer a portion of its operating reserves into existing society-run accounting scholarships
- ▶ Modeled after WA state legislation and contract between WA Board and WA Society from a decade ago
- ▶ Goal is to utilize excess operating reserves generated from licensee funds that could be at risk for a sweep in an economic downturn and invest them in a way that directly addresses workforce pipeline issues of the profession
- ▶ Framework will be geared toward economic need and thus increasing the diversity of the scholarship recipient pool

PART 2 - STATUTE AND RULE CHANGES IMPACTING CPA / PA PRACTITIONERS AND FIRMS

THIS ARENA WAS A SECONDARY BUT STILL IMPORTANT FOCUS OF THE BOARD WITH RESPECT TO REDUCING BARRIERS. IT ALSO REMAINS A KEY PART OF THE BOARD'S 2025 PLANNED LEGISLATIVE AND RULES CHANGES.

THE BOARD WILL CONTINUE TO EMPHASIZE VERY CLOSE CONSULTATION WITH SOCIETIES AND OTHER STAKEHOLDERS AS IT REFINES ITS FUTURE LEGISLATIVE AND RULEMAKING GOALS



▶ **RELAXED STANDARD ON TIMING OF RECIPROCITY LICENSURE**

- ▶ Applicants for reciprocity licensure in Oregon who wish to establish a principal place of business in this state must **apply for a CPA reciprocity license within 60-days** from the start date of practicing public accountancy in Oregon.¶
- ▶ **Prior standard required completion of reciprocity licensure within 60 days** of starting employment.
- ▶ Intent is to prevent compliance issues for applicants and firms related to the previous strict 60-day window, while maintaining the core policy requirement of obtaining Oregon licensure.

CHANGES FOR RECIPROCITY LICENSURE AND IMPACTS ON CPA/PA FIRMS



- ▶ **Retired status CPAs may now work in a public accounting firm** and perform any work that a non-licensee can; work should be supervised and reviewed by an active-level licensee.
- ▶ **The Board is unable to move in the same policy direction with inactive status licensees without action by the Legislature.**
- ▶ **Additional Changes accomplished in rules proposal:**
 - ▶ Qualify for **retired status after 20 years of practice** as a CPA.
 - ▶ **Removal of age 65 requirement and Oregon-specific practice for retired status licensure**
 - ▶ **Major simplification of Licensure Reinstatement Rules** through aligning with approaches in neighboring jurisdictions.

RETIRED STATUS AND LICENSURE REINSTATEMENT CHANGES

CPE Changes in effect as of October 1, 2023

- ▶ The current **minimum number of CPE hours per year is reduced to 20 hours** (previously 24) to align with the UAA
- ▶ The **cap on nano learning hours has been removed**
- ▶ **Removed Oregon-specificity from ethics CPE requirement**
 - ▶ Change to 4 hours of any Ethics CPE meeting CPE requirements
- ▶ **CPE Reciprocity is now in place for Oregon licensees whose principal place of business is outside of Oregon**
- ▶ Affects CPE renewal requirements for all renewals from the June 2024 renewal season going forward



HIGH LEVEL OVERVIEW OF CPE CHANGES

OTHER CHANGES CURRENTLY IN PROCESS / EXPOSED RULES

- ▶ Oregon is one of the few states that does not have a clear framework for allowing a former CPA with a fully expired permit (expiration occurs after 6 years in lapsed status) to regain CPA licensure without retaking the CPA exam and meeting current education requirements. S being exposed now provide such a framework.
- ▶ Similarly, Oregon is one of the few states that requires applicants for initial licensure to complete all exam and supervision toward licensure requirements within 8 years – otherwise the applicant has to restart the entire process including retaking the CPA exam. Rules about to be exposed align Oregon with other jurisdictions by providing a framework for qualifying for initial licensure for those applicants that take longer than eight years to meet requirements.

THE FUTURE – POTENTIAL LEGISLATIVE CHANGES IMPACTING CPA / PA PERMIT HOLDERS

- ▶ Inactive Licensure – 2025 potential legislation:
The Board and its LRC have developed language that would allow inactive licensees to work in public accounting firms with restrictions similar to what the Board put in place by rule for retired status licensees. Current statute prohibits this and thus a legislative change is required. The idea is to enable firms to tap into this pool to help with workforce supply issues. The Governor's Office has signed off on that concept.
- ▶ Simplification of eligibility for appointment by the Governor to the Board. Any actively licensed CPA/PA will be eligible for appointment under this proposal (approved by Gov. Office)
- ▶ Potential firm ownership legislative change to allow Employee Stock Ownership Plans (ESOPs) to be part of the minority ownership structure of a public accounting firm. This would require additional rulemaking if such a law change occurs. Current state: Soon under consideration by LRC and Board, not yet reviewed with Governor's Office.
- ▶ General reduction of complexity in statute, which may align with the approach of HB 1920 in WA state. This is in the very early stages of consideration. The Oregon Board and its LRC will consider this approach closely in upcoming meetings and closely consult with our stakeholders and the Governor's Office.

PLEASE CONTACT US WITH QUESTIONS!!



*Questions
about
Laws and
Rules or
planned
legislative
initiatives?*



*My cell:
503-569-7686*

*Email:
martin.pittioni@boa.
oregon.gov*



*Questions?
Suggestions?*