

1 STATE OF OKLAHOMA

2 2nd Session of the 57th Legislature (2020)

3 HOUSE BILL 3541

By: Boatman

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5
6 AS INTRODUCED

7 An Act relating to professions and occupations;
8 creating the Oklahoma Accountancy Clarifications Act
9 of 2020; allowing certain entities to advertise as
10 accountants; amending 59 O.S. 2011, Sections 15.8, as
11 amended by Section 2, Chapter 363, O.S.L. 2019, 15.9,
12 15.10 and 15.35 (59 O.S. Supp. 2019, Section 15.8),
13 which relate to the Oklahoma Accountancy Act;
14 modifying qualifications for applicants; requiring
15 Oklahoma Accountancy Board to make practice
16 examinations publicly available; providing
17 alternative to examination; modifying examination for
18 candidates; modifying continuing education
19 requirements; providing for codification; providing
20 for noncodification; and declaring an emergency.

21 BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

22 SECTION 1. NEW LAW A new section of law not to be
23 codified in the Oklahoma Statutes reads as follows:

24 This act shall be known and may be cited as the "Oklahoma
Accountancy Clarifications Act of 2020".

SECTION 2. NEW LAW A new section of law to be codified
in the Oklahoma Statutes as Section 15.39 of Title 59, unless there
is created a duplication in numbering, reads as follows:

1 A. Any entity that is not registered as a firm of certified
2 public accountants or licensed public accountants, and does not hold
3 a valid permit issued pursuant to the provisions of the Oklahoma
4 Accountancy Act, shall be allowed to advertise, using any electronic
5 or physical method such as upon an Internet website, business card,
6 literature, or any other item produced or managed by the entity, any
7 certified public accountant (CPA) certificates or public accountant
8 (PA) licenses actively and validly held by any owner or any active
9 employee.

10 1. Any nonregistered entity retains the right to advertise any
11 certified public accountant (CPA) certificate or public accountant
12 (PA) license held by an owner or active employee of the same entity.

13 2. Any certified public accountant (CPA) or licensed public
14 accountant (PA) retains the ability to advertise their certificate
15 or license upon any Internet website, business card, literature, or
16 any other item produced or managed by either themselves or their
17 employer regardless of their employer's registration status with the
18 Oklahoma Accountancy Board pursuant to the Oklahoma Accountancy Act.

19 B. Any entity that is not registered as a firm of certified
20 public accountants or licensed public accountants, and does not hold
21 a valid permit issued pursuant to the provisions of the Oklahoma
22 Accountancy Act, shall be allowed to engage clients for audit or
23 attest services provided that the audit or attest services are
24 solely completed and approved by an actively and validly certified

1 public accountant (CPA) or licensed public accountant (PA) who is
2 actively employed by the same entity.

3 Such unregistered entities cannot advertise themselves to be a
4 "CPA firm" or "PA firm", but they can advertise to be an "accounting
5 firm", "bookkeeping firm", "financial firm", or other similar type
6 of firm which has certified or licensed public accountants as
7 employees who are able to perform audit or attest services on behalf
8 of such unregistered entity.

9 C. On or before July 1, 2021, the Oklahoma Accountancy Board
10 shall allow for electronic submission of all application, renewal or
11 any other forms created, and any related payments, by the Board by
12 any individual or entity.

13 SECTION 3. AMENDATORY 59 O.S. 2011, Section 15.8, as
14 amended by Section 2, Chapter 363, O.S.L. 2019 (59 O.S. Supp. 2019,
15 Section 15.8), is amended to read as follows:

16 Section 15.8 A. A qualification applicant to qualify as a
17 candidate for any examination shall file an application for
18 qualification in a format approved by the Oklahoma Accountancy
19 Board. The fee for the qualification application shall be
20 determined by the Board and shall not exceed Three Hundred Dollars
21 (\$300.00). Every qualification applicant to qualify as a candidate
22 for the certificate of certified public accountant or license of
23 public accountant shall submit to a national criminal history record
24 ~~search~~ check, must be a resident of this state immediately prior to

1 making application, must be a United States citizen of permanent
2 residence immediately prior to making application and, except as
3 otherwise provided in this section, shall meet the education and
4 experience requirements provided in this section. The costs
5 associated with the national criminal history ~~records search~~ record
6 check shall be paid by the applicant.

7 B. On or after July 1, ~~1999~~ 2021, every qualification applicant
8 to qualify as a candidate for examination for the license of public
9 accountant shall have graduated from an accredited four-year college
10 or university with a major in accounting or with a nonaccounting
11 major supplemented by what the Oklahoma Accountancy Board determines
12 to be the equivalent of an accounting major of any four-year college
13 or university in this state or any other four-year college or
14 university recognized by the Board. Such major in accounting or
15 nonaccounting major shall include satisfactory completion of forty-
16 eight (48) semester hours, or the equivalent thereof, in accounting
17 and related subjects. At least thirty (30) semester hours, or the
18 equivalent thereof, of said forty-eight (48) semester hours, shall
19 be in accounting courses, at least ~~one~~ three (3) of which shall be
20 in auditing. The remainder of said forty-eight (48) semester hours,
21 or the equivalent thereof, shall be in said related subjects, which
22 shall be in any or all of the subjects of economics,
23 entrepreneurship, business ethics, international business, supply
24 chain management, statistics, business law, finance, business

1 administration, business management, marketing, advertising,
2 business communication, accounting information systems, financial
3 information systems ~~or,~~ management information systems, computer
4 science or the equivalent of such subjects as determined by the
5 Board.

6 C. On or after July 1, ~~2003~~ 2021, every qualification applicant
7 to qualify as a candidate for examination for the certificate of
8 certified public accountant shall have at least ~~one hundred fifty~~
9 ~~(150)~~ one hundred fifty three (153) semester hours, or the
10 equivalent thereof, of college education including a baccalaureate
11 or higher degree conferred by a college or university acceptable to
12 the Board from an accredited four-year college or university in this
13 state or any other accredited four-year college or university
14 recognized by the Board. A minimum of seventy-six (76) semester
15 hours must be earned at the upper-division level of college or above
16 or the equivalent thereof as determined by the Board; this education
17 requirement shall have been completed prior to submitting an
18 application to the Board; the total educational program of the
19 applicant for examination shall include an accounting concentration
20 or its equivalent as determined acceptable by the Board which shall
21 include not less than ~~thirty (30)~~ thirty-three (33) semester hours,
22 or the equivalent thereof, in accounting courses above principles of
23 accounting or introductory accounting, with at least ~~one course~~
24 three (3) semester hours in auditing or assurance, three (3)

1 semester hours in accounting ethics, three (3) semester hours in
2 federal and Oklahoma individual income taxation, and three (3)
3 semester hours in federal and Oklahoma corporate income taxation;
4 the remaining accounting courses shall be selected from financial
5 accounting, accounting theory, cost/managerial accounting, merger
6 and acquisition accounting, fraud/forensic accounting, federal and
7 state income tax taxation, federal and state tax planning,
8 governmental accounting, not-for-profit accounting, accounting
9 information systems, accounting history and other accounting
10 electives, excluding any electives dedicated to active study of the
11 CPA Examination; at least ~~nine (9)~~ twelve (12) semester hours shall
12 be from any or all of the subjects of economics, entrepreneurship,
13 business ethics, international business, supply chain management,
14 statistics, business law, finance, business administration, business
15 management, marketing, advertising, business communication, risk
16 management, insurance, management information systems, or computer
17 science at the upper-division level of college or above or the
18 equivalent of such subjects as determined by the Board; all the
19 remaining semester hours, if any, shall be elective but shall be at
20 the upper-division level of college or above. Semester hours, if
21 any, dedicated to active study of the CPA Examination, or any
22 sections or portions thereof, shall not exceed three (3) hours for
23 the purpose of fulfilling nonaccounting electives.
24

1 D. ~~The costs associated with the national criminal history~~
2 ~~record check shall be paid by the applicant.~~

3 Any person who fulfilled, at the historic time in which they
4 graduated from an accredited university or college that is presently
5 accepted by the Board, the education prerequisites to qualify as a
6 candidate for examination for the license of public accountant (PA)
7 or certificate of certified public accountant (CPA) is deemed to
8 have fulfilled the education requirements of this section and is
9 hereby deemed qualified, for purposes of education prerequisites
10 only, as a candidate for such examinations.

11 SECTION 4. AMENDATORY 59 O.S. 2011, Section 15.9, is
12 amended to read as follows:

13 Section 15.9 A. Upon payment of appropriate fees, the Oklahoma
14 Accountancy Board shall grant a certificate or license to any
15 individual of good character who meets the applicable education,
16 experience and testing requirements provided for in this section and
17 in Sections 15.8 and 15.10 of this title. For purposes of this
18 subsection, good character means an individual who does not have a
19 history of dishonest acts as demonstrated by documented evidence and
20 has not been convicted, pled guilty, or pled nolo contendere to a
21 felony charge. The Board may refuse to grant a certificate or
22 license to an applicant for failure to satisfy the requirement of
23 good character. The Board shall provide to the denied applicant
24 written notification specifying grounds for denial of a certificate

1 or license including failure to meet the good character criterion.
2 Appeal of the action of the Board may be made in accordance with the
3 provisions of the Administrative Procedures Act.

4 B. The Board shall issue certificates as certified public
5 accountants to those applicants who have met the qualifications
6 required by the provisions of the Oklahoma Accountancy Act and the
7 applicable rules of the Board, and have passed an examination in
8 accounting, auditing and related subjects as the Board determines
9 appropriate with such grades that satisfy the Board that each
10 applicant is competent to practice as a certified public accountant.
11 The Board shall make publicly available, free of any charge or other
12 fee, substantively similar practice examinations, practice questions
13 and other study tools. These practice examinations, practice
14 questions and other study tools should reasonably provide a
15 dedicated applicant with the ability to pass the CPA Examination,
16 and any sections thereof, without consulting or purchasing third-
17 party resources. This requirement is not to be interpreted as
18 prohibiting any examination applicant from consulting or purchasing
19 such third-party resources.

20 C. The Board shall, upon request, issue licenses as public
21 accountants only to those applicants who shall have qualified and
22 complied with the provisions of this act and the rules of the Board,
23 and shall have passed an examination in accounting, auditing, and
24 other related subjects not to exceed seventy-five percent (75%) of

1 the CPA Examination subjects with such grades that satisfy the Board
2 that each applicant is competent to practice as a public accountant.
3 The subjects examined shall be covered by the same examination, and
4 grading thereon for passing, as those used by the Board to test
5 candidates for the certified public accountant's certificate. As an
6 alternative to being examined by the CPA Examination standards,
7 applicants for a license as a public accountant (PA) may optionally
8 elect to satisfy, at not less than seventy-five percent (75%) in
9 correctness, a single-part examination, not to exceed four (4) hours
10 in total length, covering:

- 11 1. Auditing and attestation;
- 12 2. Financial accounting and reporting; and
- 13 3. Business and accounting ethics.

14 This alternative examination is to be created, on or before July
15 1, 2021, by the Oklahoma Accountancy Board and offered to applicants
16 not less than once every three (3) months at a cost not to exceed
17 Three Hundred Dollars (\$300.00) per examination session. Not less
18 than one substantively similar practice examination must be made
19 publicly available, free of any charge or other fee, and shall be
20 updated periodically by the Board as needed.

21 D. The Board may make use of all or any part of the Uniform
22 Certified Public Accountant's Examination and any organization that
23 assists in providing the examination.

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1 E. An applicant for initial issuance of a certificate or
2 license under this section shall show that the applicant has had one
3 (1) year of experience. Experience shall be defined by the Board by
4 rule and shall include providing a type of service or advice
5 involving the use of accounting, attest, compilation, management,
6 advisory, financial advisory, tax or consulting skills, and be
7 satisfied through work experience in government, industry, academia
8 or public practice, all of which shall be verified by a certificate
9 or license holder or an individual approved by the Board. Upon
10 completion of the requirements of Section 15.8 of this title, a
11 qualified applicant for the examination may take the certified
12 public accountant or public accountant examination prior to earning
13 the experience required in this subsection, but shall not be issued
14 a certificate until the experience requirement has been met.
15 Applicants for licensed public accountant (PA) are exempt from any
16 experience requirements of this section.

17 F. On or after July 1, 2005, every applicant for the
18 certificate of certified public accountant or license of public
19 accountant shall provide evidence of successful completion of an
20 ethics examination prescribed by the Board.

21 G. Every applicant for the certificate of certified public
22 accountant or license of public accountant shall submit to a
23 national criminal history record check. The costs associated with
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1 the national criminal history record check shall be paid by the
2 applicant.

3 H. An individual applying for a certificate as a certified
4 public accountant must make application for the certificate within
5 five (5) years of the date the Board notifies the candidate that the
6 candidate has successfully passed all sections of the CPA
7 Examination. If the candidate fails to make application for the
8 certificate within five (5) years, the candidate must provide
9 documentation showing he or she has completed at least one hundred
10 twenty (120) hours of qualifying continuing public accountancy
11 education completed within the three-year period immediately
12 preceding the date the individual applies for certification. The
13 Board shall establish rules whereby time limits set for application
14 pursuant to this provision may, upon written application to the
15 Board, be waived or reduced if the candidate is called to active
16 military service or becomes incapacitated as a result of illness or
17 injury or for such other good causes as determined by the Board on a
18 case-by-case basis.

19 I. An individual applying for a license as a public accountant
20 must make application for the license within five (5) years of the
21 date the Board notifies the candidate that the candidate has
22 successfully passed all sections of the PA Examination. If the
23 candidate fails to make application for the license within five (5)
24 years, the candidate must provide documentation showing he or she

1 has completed at least ~~one hundred twenty (120)~~ sixty (60) hours of
2 qualifying continuing public accountancy education completed within
3 the three-year period immediately preceding the date the individual
4 applies for licensure. The Board shall establish rules whereby time
5 limits set for application pursuant to this provision may, upon
6 written application to the Board, be waived or reduced if the
7 candidate is called to active military service or becomes
8 incapacitated as a result of illness or injury or for such other
9 good causes as determined by the Board on a case-by-case basis.

10 SECTION 5. AMENDATORY 59 O.S. 2011, Section 15.10, is
11 amended to read as follows:

12 Section 15.10 A. The Board shall provide an examination for
13 candidates to obtain a certificate or license as accountants at
14 least once ~~each year~~ every three (3) months for all sections of the
15 examination. Additional examinations may be held at such times and
16 places as the Board may deem advisable.

17 B. Each candidate allowed to sit at the examination shall file
18 a written application on a form prescribed by the Board. Once a
19 candidate has been approved by the Board to sit at any section of
20 the examination and the candidate has paid any necessary fees
21 thereof, the approval shall remain valid for a period of two (2)
22 years.

23 C. In addition to the requirement of confidentiality of
24 examination results, the Board shall take such action as necessary

1 to assure the confidentiality of the examination prior to their
2 being administered to candidates.

3 SECTION 6. AMENDATORY 59 O.S. 2011, Section 15.35, is
4 amended to read as follows:

5 Section 15.35 A. In order to assure continuing professional
6 competence of individuals in accountancy, and as a condition for
7 issuance of a certificate or license and/or renewal of a permit to
8 practice, certificate and license holders shall furnish evidence of
9 participation in continuing professional education.

10 B. Continuing professional education compliance periods shall
11 be established by rule.

12 C. All ~~certificate and license holders~~ certified public
13 accountants (CPAs) shall complete at least one hundred twenty (120)
14 hours of continuing professional education within a three-year
15 period with completion of not less than twenty (20) hours of
16 continuing professional education in any year.

17 D. All licensed public accountants (PAs) shall complete at
18 least sixty (60) hours of continuing professional education within a
19 three-year period reportable once every three (3) years. A licensed
20 public accountant (PA) shall not be required to renew his or her
21 license more than once every three (3) years.

22 E. The Oklahoma Accountancy Board shall adopt rules and
23 regulations regarding such continuing professional education. Such
24 rules shall include but not be limited to:

- 1 1. Requiring reporting of continuing professional education to
2 coincide with the annual permit renewal date;
- 3 2. Provisions for exempting retired, inactive and disabled
4 individuals as defined by the Board in the rules from the
5 requirement of continuing professional education; ~~and~~
- 6 3. ~~Adopt~~ Adopting standards for determining approved continuing
7 professional education courses; and
- 8 4. Creating physical and electronic methods to publicly offer,
9 at a pricing rate not to exceed cost, at least forty (40) hours
10 annually of continuing professional education independent of any
11 professional organization, advocacy group or other similar
12 organization.

13 SECTION 7. It being immediately necessary for the preservation
14 of the public peace, health or safety, an emergency is hereby
15 declared to exist, by reason whereof this act shall take effect and
16 be in full force from and after its passage and approval.

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