ARKANSAS REGISTER

Proposed Rule Cover Sheet

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Name of Department Department of Labor and Licensing

Agency or Division Name Arkansas State Board of Public Accountancy

Other Subdivision or Department, If Applicable

Previous Agency Name, If Applicable

Contact Person Tim Montgomery

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Contact Phone 501-682-5533

Name of Rule Continuing Education Reciprocity

Newspaper Name Arkansas Democrat-Gazette

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Final Date for Public Comment November 28, 2023

Location and Time of Public Meeting No public meeting requested

MARKUP

RULE 13 CONTINUING EDUCATION

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13.3 PROGRAMS WHICH QUALIFY

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(i) ~~For a holder of an active CPA license in multiple jurisdictions, continuing education courses accepted by the jurisdiction of residents will be accepted. However, minimum requirements prescribed in rule 13.2(a) must be met.~~ A non-resident licensee seeking renewal of his or her license shall be determined to have met the CPE requirement by meeting the CPE requirements for renewal of a certificate/license in the state in which the licensee's principal place of business is located.

(1) All active licensees, regardless of residence, must complete 1 hour of Ethics CPE on Arkansas State Board of Public Accountancy specific rules and laws as authorized by Board Rule 13.2(a)(3).

(2) Non-resident licensees may be asked to demonstrate compliance with the CPE renewal requirements of the state in which the licensee's principal place of business is located through a CPE audit, as authorized by Board Rule 13.5(c).

(3) If a non-resident licensee's principal place of business state has no CPE requirements for renewal of a certificate/license, the non-resident licensee must comply with all Arkansas State Board of Public Accountancy CPE requirements for renewal of their Arkansas license.

SUMMARY OF PROPOSED AMENDMENTS TO RULES 3.7 AND 13.3(i) OF THE ADMINISTRATIVE RULES REGARDING THE ARKANSAS STATE BOARD OF PUBLIC ACCOUNTING DEPARTMENT OF LABOR AND LICENSING

The purpose and the necessity of the proposed amendments are to: 1) reduce barriers to entry into the CPA profession; and 2) align with the National Association of State Boards of Accountancy's Uniform Accountancy Act Model Rules.

The proposed amendment would accomplish the following:

1. Amend the board's rule on examinations to change the test section credit window from eighteen months to thirty months, giving candidates an additional twelve months to pass all four parts of the CPA exam before losing test section credits;

2. Amend the board's rule on examinations to change the date that the test section credit window begins from the date the applicant sat for the exam to the date that the exam score was released;

3. Amend the board's rule on examinations to reflect the change in the AICPA CPA exam from the passing of four core test sections to the passing of three core test sections and one of three discipline test sections; and

4. Allow non-resident licensees to meet the Arkansas CPE requirements if they meet the CPE requirements for renewal of a certificate/license in the state in which the licensee's principal place of business is located.

LEGAL NOTICE

The Arkansas State Board of Public Accountancy of the Arkansas Department of Labor and Licensing will be accepting public comments on proposed amendments to Rules 3.7 and 13.3(i) of the Administrative Rules of the Arkansas State Board of Public Accountancy through **Tuesday, November 28, 2023 at 10:00 AM.** The proposed amendments would accomplish the following: 1) change the test section credit window from eighteen months to thirty months, giving candidates an additional twelve months to pass all four parts of the CPA exam before losing test section credits; 2) change the date that the test section credit window begins from the date the applicant sat for the exam to the date that the exam score was released; 3) reflect the change in the AICPA CPA exam from the passing of four core test sections to the passing of three core test sections and one of three discipline test sections; and 4) allow non-resident licensees to meet the Arkansas CPE requirements if they meet the CPE requirements for renewal of a certificate/license in the state in which the licensee's principal place of business is located.

Written comment will be accepted through **Tuesday, November 28, 2023 at 10:00 AM**. by the Arkansas State Board of Public Accountancy at the Department of Labor and Licensing located at 900 West Capitol Avenue, Suite 400 or by electronic format by emailing Tim.Montgomery@arkansas.gov. A copy of the proposed amendments may be obtained by calling the Department of Labor and Licensing, Arkansas State Board of Public Accountancy at (501) 682-1520. A copy of proposed amendments can also be accessed on the Arkansas State Board of Public Accountancy's website at: https://www.asbpa.arkansas.gov/laws-and-rules/proposed-rule-changes/ or the Secretary of State's website at: http://www.sos.arkansas.gov/rules_and_regs/index.php/rules/search/new.

Tim Montgomery, Executive Director
Arkansas State Board of Public Accountancy
Department of Labor and Licensing

This Legal Notice will be published in the Arkansas Democrat-Gazette from Sunday, October 29 through Tuesday, October 31, 2023

QUESTIONNAIRE FOR FILING PROPOSED RULES WITH THE ARKANSAS LEGISLATIVE COUNCIL

DEPARTMENT Department of Labor and Licensing
BOARD/COMMISSION Arkansas State Board of Public Accountancy
BOARD/COMMISSION DIRECTOR Tim Montgomery
CONTACT PERSON Tim Montgomery
ADDRESS 900 West Capitol Ave., Suite 400, Little Rock, AR 72201
PHONE NO. (501) 682-5533 **EMAIL** tim.montgomery@arkansas.gov
NAME OF PRESENTER(S) AT SUBCOMMITTEE MEETING
Tim Montgomery
PRESENTER EMAIL(S) tim.montgomery@arkansas.gov

INSTRUCTIONS

In order to file a proposed rule for legislative review and approval, please submit this Legislative Questionnaire and Financial Impact Statement, and attach (1) a summary of the rule, describing what the rule does, the rule changes being proposed, and the reason for those changes; (2) both a markup and clean copy of the rule; and (3) all documents required by the Questionnaire.

If the rule is being filed for permanent promulgation, please email these items to the attention of Rebecca Miller-Rice, miller-ricer@blr.arkansas.gov, for submission to the Administrative Rules Subcommittee.

If the rule is being filed for emergency promulgation, please email these items to the attention of Director Marty Garrity, garritym@blr.arkansas.gov, for submission to the Executive Subcommittee.

Please answer each question completely using layman terms.

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1. What is the official title of this rule?
Rule 13 - Continuing Education, specifically Rule 13.3(i) Programs Which Qualify [(i) applies to- Non-Resident

2. What is the subject of the proposed rule? CPE Reciprocity

3. Is this rule being filed under the emergency provisions of the Arkansas Administrative Procedure Act? Yes ☐ No ☑

If yes, please attach the statement required by Ark. Code Ann. § 25-15-204(c)(1).

If yes, will this emergency rule be promulgated under the permanent provisions of the Arkansas Administrative Procedure Act? Yes ☐ No ☐

4. Is this rule being filed for permanent promulgation? Yes ☑ No ☐

If yes, was this rule previously reviewed and approved under the emergency provisions of the Arkansas Administrative Procedure Act? Yes ☐ No ☑

If yes, what was the effective date of the emergency rule? _____

On what date does the emergency rule expire?_____

5. Is this rule required to comply with a *federal* statute, rule, or regulation? Yes ☐ No ☑

If yes, please provide the federal statute, rule, and/or regulation citation.

6. Is this rule required to comply with a *state* statute or rule? Yes ☐ No ☑

If yes, please provide the state statute and/or rule citation.

7. Are two (2) rules being repealed in accord with Executive Order 23-02? Yes ☐ No ☑

If yes, please list the rules being repealed.
If no, please explain.

The only affected Rule, 13.3(i), is repealed and replaced. This rule change is necessary to align with the Uniform Accountancy Act (UAA) Model Rules of the National Association of State Boards of Accountancy (NASBA) regarding CPE reciprocity for those CPAs who hold CPA licenses in multiple states. This rule change will streamline the

8. Is this a new rule? Yes ☐ No ☑

Does this repeal an existing rule? Yes ☑ No ☐
If yes, the proposed repeal should be designated by strikethrough. If it is being replaced with a new rule, please attach both the proposed rule to be repealed and the replacement rule.

Is this an amendment to an existing rule? Yes ☑ No ☐
If yes, all changes should be indicated by strikethrough and underline. In addition, please be sure to label the markup copy clearly as the markup.

9. What is the state law that grants the agency its rulemaking authority for the proposed rule, outside of the Arkansas Administrative Procedure Act? Please provide the specific Arkansas Code citation(s), including subsection(s).

17-12-203(a)

10. Is the proposed rule the result of any recent legislation by the Arkansas General Assembly?
Yes ☐ No ☑

If yes, please provide the year of the act(s) and act number(s).

11. What is the reason for this proposed rule? Why is it necessary?

The Uniform Accountancy Act (UAA) Model Rules of the National Association of State Boards of Accountancy (NASBA) recommend that state boards of accountancy adopt CPE reciprocity for those CPAs who hold CPA licenses in multiple states. This rule change will streamline the renewal process for non-resident licensees and bring Arkansas in line with the majority of state board of accountancy jurisdictions who have adopted CPE reciprocity. To date, 38 of the 54 jurisdictional Boards of Accountancy have adopted CPE reciprocity. In order to reduce barriers to license renewal as well as not to impede CPA mobility, the Arkansas State Board of Public Accountancy is in favor of changing Rule 13.3(i) to align with the UAA model rule.

12. Please provide the web address by which the proposed rule can be accessed by the public as provided in Ark. Code Ann. § 25-19-108(b)(1).

https://www.asbpa.arkansas.gov/laws-and-rules/proposed-rule-changes/

13. Will a public hearing be held on this proposed rule? Yes ☑ No ☐

If yes, please complete the following:

Date: _____

Time: _____

Place: Date and time to be determined.

Please be sure to advise Bureau Staff if this information changes for any reason.

14. On what date does the public comment period expire for the permanent promulgation of the rule? Please provide the specific date. 11/10/2023

15. What is the proposed effective date for this rule? 01/01/2024

16. Please attach (1) a copy of the notice required under Ark. Code Ann. § 25-15-204(a)(1) and (2) proof of the publication of that notice.

17. Please attach proof of filing the rule with the Secretary of State, as required by Ark. Code Ann. § 25-15-204(e)(1)(A).

18. Please give the names of persons, groups, or organizations that you anticipate will comment on these rules. Please also provide their position (for or against), if known.

Arkansas CPAs - Unknown
Arkansas Society of CPAs - For
Arkansas Society of Accountants - For

19. Is the rule expected to be controversial? Yes ☐ No ☑

If yes, please explain.

FINANCIAL IMPACT STATEMENT

PLEASE ANSWER ALL QUESTIONS COMPLETELY.

DEPARTMENT Department of Labor and Licening
BOARD/COMMISSION Arkansas State Board of Public Accountancy
PERSON COMPLETING THIS STATEMENT Tim Montgomery
TELEPHONE NO. (501) 682-5533 **EMAIL** tim.montgomery@arkansas.gov

To comply with Ark. Code Ann. § 25-15-204(e), please complete the Financial Impact Statement and email it with the questionnaire, summary, markup and clean copy of the rule, and other documents. Please attach additional pages, if necessary.

TITLE OF THIS RULE Rule 13 - Continuing Education, specifically Rule 13.3(i) Programs Which Qualify - Non-Residen

1. Does this proposed, amended, or repealed rule have a financial impact?
   Yes ☑ No ☐

2. Is the rule based on the best reasonably obtainable scientific, technical, economic, or other evidence and information available concerning the need for, consequences of, and alternatives to the rule?
   Yes ☑ No ☐

3. In consideration of the alternatives to this rule, was this rule determined by the agency to be the least costly rule considered? Yes ☑ No ☐

   If no, please explain:

   (a) how the additional benefits of the more costly rule justify its additional cost;

   (b) the reason for adoption of the more costly rule;

   (c) whether the reason for adoption of the more costly rule is based on the interests of public health, safety, or welfare, and if so, how; and

   (d) whether the reason for adoption of the more costly rule is within the scope of the agency's statutory authority, and if so, how.

4. If the purpose of this rule is to implement a *federal* rule or regulation, please state the following:

   (a) What is the cost to implement the federal rule or regulation?

Current Fiscal Year	**Next Fiscal Year**
General Revenue_____	General Revenue_____
Federal Funds_____	Federal Funds_____
Cash Funds_____	Cash Funds_____
Special Revenue_____	Special Revenue_____
Other (Identify)_____	Other (Identify)_____
Total_____	Total_____

(b) What is the additional cost of the state rule?

Current Fiscal Year	**Next Fiscal Year**
General Revenue_____	General Revenue_____
Federal Funds_____	Federal Funds_____
Cash Funds_____	Cash Funds_____
Special Revenue_____	Special Revenue_____
Other (Identify)_____	Other (Identify)_____
Total_____	Total_____

5. What is the total estimated cost by fiscal year to any private individual, private entity, or private business subject to the proposed, amended, or repealed rule? Please identify those subject to the rule, and explain how they are affected.

Current Fiscal Year	**Next Fiscal Year**
$ 0.00	$ 0.00

6. What is the total estimated cost by fiscal year to a state, county, or municipal government to implement this rule? Is this the cost of the program or grant? Please explain how the government is affected.

Current Fiscal Year	**Next Fiscal Year**
$ 0.00	$ 0.00

7. With respect to the agency's answers to Questions #5 and #6 above, is there a new or increased cost or obligation of at least one hundred thousand dollars ($100,000) per year to a private individual, private entity, private business, state government, county government, municipal government, or to two (2) or more of those entities combined?

Yes ☐ No ☑

If yes, the agency is required by Ark. Code Ann. § 25-15-204(e)(4) to file written findings at the time of filing the financial impact statement. The written findings shall be filed simultaneously with the financial impact statement and shall include, without limitation, the following:

(1) a statement of the rule's basis and purpose;

(2) the problem the agency seeks to address with the proposed rule, including a statement of whether a rule is required by statute;

(3) a description of the factual evidence that:
(a) justifies the agency's need for the proposed rule; and
(b) describes how the benefits of the rule meet the relevant statutory objectives and justify the rule's costs;

(4) a list of less costly alternatives to the proposed rule and the reasons why the alternatives do not adequately address the problem to be solved by the proposed rule;

(5) a list of alternatives to the proposed rule that were suggested as a result of public comment and the reasons why the alternatives do not adequately address the problem to be solved by the proposed rule;

(6) a statement of whether existing rules have created or contributed to the problem the agency seeks to address with the proposed rule and, if existing rules have created or contributed to the problem, an explanation of why amendment or repeal of the rule creating or contributing to the problem is not a sufficient response; and

(7) an agency plan for review of the rule no less than every ten (10) years to determine whether, based upon the evidence, there remains a need for the rule including, without limitation, whether:
(a) the rule is achieving the statutory objectives;
(b) the benefits of the rule continue to justify its costs; and
(c) the rule can be amended or repealed to reduce costs while continuing to achieve the statutory objectives.