



State of Wisconsin
2017 - 2018 LEGISLATURE

LRB-2509/1
MED&KP:emw/kjf/amn

2017 ASSEMBLY BILL 188

March 28, 2017 - Introduced by Representatives KOYENGA, BALLWEG, BERCEAU, DOYLE, E. BROOKS, R. BROOKS, KATZMA, KUGLITSCH, LOUDENBECK, NOVAK, TRANEL, RIPP, TUSLER and WICHGERS, cosponsored by Senators MARKLEIN, COWLES, OLSEN and RISSER. Referred to Committee on Regulatory Licensing Reform.

AUTHORS SUBJECT TO CHANGE

1 **AN ACT** *to renumber* 442.083; *to amend* 442.04 (5) (b) 3., 442.083 (title) and
2 442.087 (4); and *to create* 442.01 (4), 442.04 (6), 442.083 (2) and 442.087 (5) of
3 the statutes; **relating to:** educational requirements for taking the accounting
4 examination or receiving a certified public accountant certificate; continuing
5 education requirements for accounting license renewal; data-sharing
6 programs related to accountants; peer reviews for certified public accounting
7 firms; modifying various administrative rules promulgated by the Accounting
8 Examining Board relating to accounting; and granting rule-making authority.

Analysis by the Legislative Reference Bureau

This bill 1) makes modifications regarding the educational requirements for taking the certified public accounting (CPA) examination or for obtaining a CPA certificate; 2) requires the Accounting Examining Board to promulgate rules establishing continuing education requirements for accountants; 3) modifies provisions related to peer reviews for CPA firms, including to allow the board to participate in an interstate program for sharing peer review results; and 4) allows the board to participate in certain other interstate data-sharing programs regarding persons currently or previously licensed by the board.

Current law provides that a CPA certificate may be granted only to a person who has completed at least 150 semester hours of education in accounting and

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business subjects, as determined by the board, which issues CPA certificates and licenses. Current law also provides that a person is not eligible to take the CPA examination unless the person has completed at least 120 semester hours of education in accounting and business subjects, as determined by the board.

The current rules of the board specify numbers of semester hours that an applicant for a CPA certificate must have completed, including at least 24 semester hours in accounting at the undergraduate level or 15 semester hours at the graduate level, including at least one course in each of six specified subjects, and at least 24 semester hours in business courses other than accounting courses at the undergraduate or graduate level, including at least one course in each of six specified subjects.

This bill modifies the rules of the board specifying these semester hours and course subjects required in order to be granted a CPA certificate or to take the CPA examination, as follows:

1. The bill specifies methods for satisfying the 150 hours requirement for obtaining a CPA certificate. The methods differ depending on the degree received by the applicant and how the educational program, department, or educational institution from which the applicant earned the degree is accredited.

2. The bill provides that a person may satisfy the 120 hours requirement for taking the CPA examination if the person already satisfies the 150 hours requirement for obtaining a CPA certificate described above, the person otherwise satisfies the course content and semester hours required for a CPA certificate, or the person has completed course work that the board determines is reasonably equivalent to those requirements.

The bill also allows the board to promulgate rules to allow for certain military service to count toward the 150 hours requirement.

Additionally, the bill requires the board to promulgate rules establishing continuing education requirements for the renewal of licenses held by individuals to practice as certified public accountants. The bill provides that the board may not require an individual to complete more than 80 continuing education credits during the two-year period between license renewal dates. For continuing education credits earned based on the amount of time spent participating in an activity, one credit is earned for every 50 minutes engaged in an eligible activity. The bill allows up to one-half of the amount of continuing education credits required by the board by rule to be completed by various informal, self-directed learning activities. Under the bill, the earliest license renewal date for which individuals are subject to the continuing education requirements is December 15, 2021. Under current law, continuing education is not required for the renewal of certified public accountant licenses held by individuals.

Current law requires a CPA firm, as a condition of renewal of its license, to undergo a peer review at least once every three years. Current law provides that a person approved by the board to conduct peer reviews may not disclose any information obtained or document produced during the course of or as a result of a peer review unless the firm undergoing the review consents to the disclosure. The bill allows the board to require an individual CPA or a CPA firm to provide certain

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peer review documents to the board, and allows a CPA or firm to comply with such a directive by submitting the requested documents to the board or by allowing the peer review program administrator to make the documents available to the board through the Facilitated State Board Access program operated by the American Institute of Certified Public Accountants (FSBA). In addition, the bill allows the board to make documents submitted to the board available to the FSBA and provides that information or data obtained by the board through the FSBA is not subject to disclosure under the public records law, except as the board otherwise provides by rule.

Finally, the bill requires the board to participate in data-sharing programs operated or otherwise sponsored by the National Association of State Boards of Accountancy and to share information or data regarding current or former licensees as needed in order to participate in those programs. The bill provides that information or data obtained by the board through such a program is not subject to disclosure under the public records law, except as the board otherwise provides by rule.

For further information see the *state* fiscal estimate, which will be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

1 **SECTION 1.** 442.01 (4) of the statutes is created to read:

2 442.01 (4) The examining board shall participate in data-sharing programs
3 operated or otherwise sponsored by the National Association of State Boards of
4 Accountancy and shall share information or data regarding persons currently or
5 previously licensed under this chapter as needed in order to participate in those
6 programs. Except as otherwise provided by the examining board by rule,
7 information or data obtained by the board through such a program is not subject to
8 the right of inspection and copying under s. 19.35 (1).

9 **SECTION 2.** 442.04 (5) (b) 3. of the statutes is amended to read:

10 442.04 (5) (b) 3. The person has, except as provided in sub. (6), completed at
11 least 150 semester hours of education at an institution that include course work in

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1 accounting and business subjects, as determined by the examining board, and has
2 received a bachelor's or higher degree.

3 **SECTION 3.** 442.04 (6) of the statutes is created to read:

4 442.04 (6) The examining board may promulgate rules pursuant to which the
5 examining board may, in its discretion and on a case-by-case basis, do all of the
6 following:

7 (a) Consider certain military training and service of a veteran, as defined in s.
8 45.01 (12), who was honorably discharged to be substantially equivalent to semester
9 hours of education completed at an institution.

10 (b) Apply training and service described in par. (a) to satisfy a portion of the 150
11 semester hours required under sub. (5) (b) 3.

12 **SECTION 4.** 442.083 (title) of the statutes is amended to read:

13 **442.083 (title) Renewal; continuing education.**

14 **SECTION 5.** 442.083 of the statutes is renumbered 442.083 (1).

15 **SECTION 6.** 442.083 (2) of the statutes is created to read:

16 442.083 (2) (a) The examining board shall promulgate rules establishing
17 continuing education requirements for renewal of licenses granted to individuals
18 under this chapter. The rules promulgated under this paragraph may not require
19 an individual to complete more than 80 continuing education credits during the
20 2-year period immediately preceding the renewal date specified under s. 440.08 (2)
21 (a).

22 (b) For continuing education credits that are earned based on the amount of
23 time spent participating in an eligible learning activity, one credit shall be earned
24 for every 50 minutes spent engaging in the eligible activity. One-tenth of a credit
25 may be earned for every 5 minutes spent participating in an eligible activity.

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1 (c) Up to one-half of the amount of continuing education credits required by
2 rule under par. (a) may be completed by informal, self-directed learning activities,
3 including reading, teaching, researching, serving on a board or committee, viewing
4 a video, listening to an audio recording, or participating in other experiential
5 learning activities that are determined by the board to be relevant to competency to
6 practice as a certified public accountant.

7 **SECTION 7.** 442.087 (4) of the statutes is amended to read:

8 442.087 (4) CONFIDENTIALITY. ~~A~~ Except as provided in sub. (5), a person
9 approved by the examining board to conduct peer reviews may not disclose to any
10 person, including the examining board or the department, any information obtained
11 or document produced during the course of or as a result of a review unless the firm
12 undergoing the review consents to the disclosure.

13 **SECTION 8.** 442.087 (5) of the statutes is created to read:

14 442.087 (5) PEER REVIEW DOCUMENTS. (a) The examining board may require a
15 certified public accountant or firm to provide any of the following peer review
16 documents to the examining board:

- 17 1. A peer review report.
- 18 2. Any letter of response to a peer review report.
- 19 3. An acceptance letter.
- 20 4. A letter signed by the reviewed firm accepting the peer review documents
21 with the understanding that the firm agrees to take certain actions.
- 22 5. A letter notifying the reviewed firm that certain required actions have been
23 completed.

24 (b) A certified public accountant or firm may comply with a directive under par.
25 (a) by doing any of the following within 45 days after the date of the directive:

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1 1. Submitting the requested documents to the examining board, either by mail
2 or electronically.

3 2. Allowing the peer review program administrator to make the documents
4 available to the examining board through the Facilitated State Board Access
5 program operated by the American Institute of Certified Public Accountants.

6 (c) The examining board may make documents submitted to the examining
7 board under par. (b) 1. available to the Facilitated State Board Access program
8 operated by the American Institute of Certified Public Accountants.

9 (d) Except as otherwise provided by the examining board by rule, information
10 or data obtained by the board through the Facilitated State Board Access program
11 is not subject to the right of inspection and copying under s. 19.35 (1).

12 **SECTION 9.** Accy 2.002 (intro.) of the administrative code is amended to read:

13 **Accy 2.002 Definitions.** (intro.) In this chapter, except where a different
14 meaning is indicated:

15 **SECTION 10.** Accy 2.101 (2) of the administrative code is repealed and recreated
16 to read:

17 Accy 2.101 (2) Proof of fulfilling the educational requirements specified in s.
18 Accy 2.202 and s. 442.04 (5) (b) 3., Stats., by submitting one of the following:

19 (a) For a candidate who qualifies under s. Accy 2.202 (1), proof that the
20 candidate earned a master's degree specified under s. Accy 2.202 (1).

21 (b) For a candidate who qualifies under s. Accy 2.202 (2), (3), or (4), certified
22 copies of transcripts for all academic work completed at an accredited educational
23 institution that reflect that the candidate has satisfied the requirement under s.
24 Accy 2.202 (2), (3), or (4), whichever is applicable.

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1 (c) For a candidate who qualifies under s. Accy 2.202 (5), certified copies of
2 transcripts for all academic work leading to a bachelor's or higher degree in
3 accounting meeting the coursework requirement described in s. Accy 2.202 (5).

4 **SECTION 11.** Accy 2.202 of the administrative code is repealed and recreated to
5 read:

6 **Accy 2.202 Education required for certification.** A candidate applying for
7 a certificate to practice as a certified public accountant must have earned a bachelor's
8 or higher degree from an accredited educational institution and have satisfied one
9 of the following for purposes of meeting the 150-hour coursework requirement under
10 s. 442.04 (5) (b) 3., Stats.:

11 (1) Earned a master's degree in accounting from an accounting program or
12 department accredited by the Association to Advance Collegiate Schools of Business.

13 (2) Earned a bachelor's or higher degree from a business program or college of
14 business accredited by the Association to Advance Collegiate Schools of Business, the
15 International Assembly for Collegiate Business Education, or the Accreditation
16 Council for Business Schools and Programs, and completed at least 24 semester
17 hours in accounting from an accredited educational institution at the undergraduate
18 level or 15 semester hours at the graduate level, or an equivalent combination, that
19 cover each of the following subject areas:

20 (a) Financial accounting.

21 (b) Cost or managerial accounting.

22 (c) Taxation.

23 (d) Auditing.

24 (e) Accounting information systems.

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1 **(3)** Earned a bachelor's or higher degree from an accredited educational
2 institution and completed all of the following:

3 (a) At least 24 semester hours in accounting from an accredited educational
4 institution at the undergraduate level or 15 semester hours at the graduate level, or
5 an equivalent combination, that cover each of the following subject areas:

- 6 1. Financial accounting.
- 7 2. Cost or managerial accounting.
- 8 3. Taxation.
- 9 4. Auditing.
- 10 5. Accounting information systems.

11 (b) At least 24 semester hours in business and economics courses other than
12 accounting courses from an accredited educational institution at the undergraduate
13 level or 15 semester hours at the graduate level, or an equivalent combination, that
14 cover each of the following subject areas:

- 15 1. Economics.
- 16 2. Finance.
- 17 3. Statistics or data analytics.
- 18 4. Business law.
- 19 5. Information technology.

20 **Note:** The courses covering the subjects of financial accounting, cost or
21 managerial accounting, taxation, and auditing under s. Accy 2.202 (2) or (3), would
22 generally be courses taken beyond the introduction accounting course required of
23 every business major.

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1 (4) Completed coursework that the board determines is reasonably equivalent
2 to the course content and semester hours requirements specified in sub. (3) (a) and
3 (b).

4 (5) Satisfied the 150-hour coursework requirement as provided in emergency
5 rule 1628. This subsection applies only to a candidate who submitted his or her
6 application for a certified public accountant certificate prior to October 1, 2018.

7 **SECTION 12.** Accy 2.303 of the administrative code is repealed and recreated
8 to read:

9 **Accy 2.303 Education required for examination.** A candidate for the
10 certified public accountant examination must have satisfied one of the following for
11 purposes of meeting the 120-hour coursework requirement under s. 442.04 (5) (b) 4.,
12 Stats.:

13 (1) Satisfied s. Accy 2.202 (1), (2), or (3).

14 (2) Satisfied the course content and semester hours requirements specified in
15 s. Accy 2.202 (3) (a) and (b), or completed coursework that the board determines is
16 reasonably equivalent to those requirements.

17 (3) Satisfied the 120-hour coursework requirement as provided in emergency
18 rule 1628. This subsection applies only to a candidate who submitted an application
19 to take the certified public accountant examination under s. Accy 2.302 prior to
20 October 1, 2017.

21 **SECTION 13. Nonstatutory provisions.**

22 (1) Notwithstanding section 227.24 (1) (c) and (2) of the statutes, emergency
23 rule 1628 of the accounting examining board shall expire on the effective date of this
24 subsection.

25 **SECTION 14. Initial applicability.**

