

**STATE OF WISCONSIN
ACCOUNTING EXAMINING BOARD**

**IN THE MATTER OF RULEMAKING :
PROCEEDINGS BEFORE THE : REPORT TO THE LEGISLATURE
ACCOUNTING EXAMINING BOARD : CR 21-013**

I. THE PROPOSED RULE:

The proposed rule, including the analysis and text, is attached.

II. REFERENCE TO APPLICABLE FORMS:

N/A

III. FISCAL ESTIMATE AND EIA:

The Fiscal Estimate and EIA is attached.

IV. DETAILED STATEMENT EXPLAINING THE BASIS AND PURPOSE OF THE PROPOSED RULE, INCLUDING HOW THE PROPOSED RULE ADVANCES RELEVANT STATUTORY GOALS OR PURPOSES:

The Accounting Examining Board is revising ch. Accy 2 to create s. Accy 2.304 (5). This will give the board discretion to extend the 18-month period of credit for Uniform CPA Examination sections passed, upon the applicant showing to the Board's satisfaction that the inability to pass all sections of the examination within the 18-month period was due to circumstances beyond the applicant's control, or for other reasons deemed acceptable by the board.

V. SUMMARY OF PUBLIC COMMENTS AND THE BOARD'S RESPONSES, EXPLANATION OF MODIFICATIONS TO PROPOSED RULES PROMPTED BY PUBLIC COMMENTS:

The Accounting Examining Board held a public hearing on March 3, 2021. No public comments were received.

VI. RESPONSE TO LEGISLATIVE COUNCIL STAFF RECOMMENDATIONS:

The Clearinghouse had one recommendation concerning the proposed rule:

Should the board include additional rule text or a note to the new provision to describe the specific manner by which an applicant may show an inability to complete the examination within the normal 18-month period? How does the board intend that an applicant would apply for such consideration?

The Board did not modify the proposed rule in response to the Clearinghouse's recommendation. The application for and approval of extensions will be on a case-by-case basis, and the Board does not want to put limitations on the ability to apply for these extensions.

VII. REPORT FROM THE SBRRB AND FINAL REGULATORY FLEXIBILITY ANALYSIS:

N/A

STATE OF WISCONSIN
ACCOUNTING EXAMINING BOARD

IN THE MATTER OF RULEMAKING : PROPOSED ORDER OF THE
PROCEEDINGS BEFORE THE : ACCOUNTING EXAMINING BOARD
ACCOUNTING EXAMINING BOARD : ADOPTING RULES
: (CLEARINGHOUSE RULE 21-013)

PROPOSED ORDER

An order of the Accounting Examining Board to create s. Accy 2.304 (5), relating to the CPA examination completion deadline.

Analysis prepared by the Department of Safety and Professional Services.

ANALYSIS

Statutes interpreted: ss. 442.04 (2) and 442.04 (5) (b) 4., Stats.

Statutory authority: ss. 15.08 (5) (b) and 442.04 (5) (b) 4., Stats.

Explanation of agency authority:

Section 15.08 (5) (b), Stats., provides an examining board “[s]hall promulgate rules for its own guidance and for the guidance of the trade or profession to which it pertains. . .”

Section 442.04 (5) (b) 4., Stats., provides the Board may not grant a certificate as a certified public accountant to any person other than a person who “... has successfully passed an examination in such subjects affecting accountancy and business as the examining board considers necessary.”

Related statute or rule:

None.

Plain language analysis:

The Accounting Examining Board is revising ch. Accy 2 to create s. Accy 2.304 (5). This will give the board discretion to extend the 18-month period of credit for Uniform CPA Examination sections passed, upon the applicant showing to the board's satisfaction, that the inability to pass all sections of the examination within the 18-month period was due to circumstances beyond the applicant's control, or for other reasons deemed acceptable by the board.

Summary of, and comparison with, existing or proposed federal regulation:

None.

Comparison with rules in adjacent states:

Illinois:

The Illinois Board of Examiners requires applicants for a CPA to complete the Uniform CPA exam's four sections within a rolling 18-month period begin upon completion of the first section. There is no provision for an extension of time due to hardship, however time spent in active duty in the United States military does not count toward the 18-month deadline. (Ill. Admin. Code § 1400.140).

Iowa:

Iowa admin code 193A—3.6 and 3.7 (542) lay out the examination requirements for certification as a public accountant in Iowa. The Uniform CPA Examination must be completed within a rolling 18-month period beginning upon completion of the first section. The Iowa Accountancy Examining Board may waive this requirement due to applicant illness, death in the family, or military service.

Michigan:

Michigan administrative code requires the Uniform CPA Exam to be completed within a rolling 18-month period beginning upon the completion of the first section. The code allows the board to extend the 18-month window in the event of an applicant's or the applicant's immediate family's illness, applicant's military service, death in the family, or other good reason as determined by the Michigan Board of Accountancy. (MI Admin. Code § R 338.5110a).

Minnesota:

Minnesota administrative code requires the Uniform CPA Examination to be completed within a rolling 18-month period beginning upon completion of the first section of the examination. The Minnesota Accountancy Board may waive this requirement upon a showing that the applicant cannot meet the deadline due to circumstances beyond the applicant's control (MN Admin. Code § 1105.2000).

Summary of factual data and analytical methodologies:

The board realizes that hardship or other factors outside of an applicant's control may prevent an applicant from completing all of the sections of the Uniform CPA Examination within the required 18-month rolling period. This rule will allow an applicant to apply for and receive an extension upon a showing to the board's satisfaction that the applicant's circumstances warrant an extension.

Analysis and supporting documents used to determine effect on small business or in preparation of economic impact analysis:

The board solicited economic impact comments from small businesses, local governmental units, and individuals for a period of 14 days. No comments were received.

Fiscal Estimate and Economic Impact Analysis:

The Fiscal Estimate and Economic Impact Analysis is attached.

Effect on Small Business:

This proposed rule does not have an economic impact on small businesses, as defined in s. 227.114 (1), Stats. The Department's Regulatory Review Coordinator may be contacted by email at Daniel.Hereth@wisconsin.gov, or by calling (608) 267-2435.

Agency contact person:

Dale Kleven, Administrative Rules Coordinator, Department of Safety and Professional Services, Division of Policy Development, 4822 Madison Yards Way, P.O. Box 8366, Madison, Wisconsin 53708; telephone 608-261-4472; email at DSPSAdminRules@wisconsin.gov.

Place where comments are to be submitted and deadline for submission:

Comments may be submitted to Dale Kleven, Administrative Rules Coordinator, Department of Safety and Professional Services, Division of Policy Development, 4822 Madison Yards Way, P.O. Box 8366, Madison, WI 53708-8366, or by email to DSPSAdminRules@wisconsin.gov. Comments must be received at or before the public hearing to be held on March 3, 2021 at 9:00 AM to be included in the record of rule-making proceedings.

TEXT OF RULE

SECTION 1. Accy 2.304 (5) is created to read:

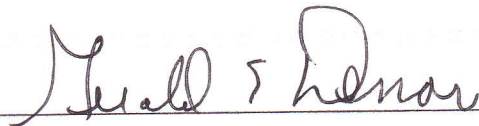
Accy 2.304 (5) The board may on a case-by-case basis extend the 18-month period of credit for sections of the Uniform CPA Examination passed, or the duration of the 18-month rolling period, upon the applicant showing to the board's satisfaction that the inability to pass all sections of the examination within the 18-month period was due to circumstances beyond the applicant's control, or for other reasons deemed acceptable by the board.

SECTION 2. EFFECTIVE DATE. The rules adopted in this order shall take effect on the first day of the month following publication in the Wisconsin Administrative Register, pursuant to s. 227.22 (2) (intro.), Stats.

(END OF TEXT OF RULE)

This Proposed Order of the Accounting Examining Board is approved for submission to the Governor and Legislature.

Dated 3-3-2021

Agency 
Accounting Examining Board

ADMINISTRATIVE RULES Fiscal Estimate & Economic Impact Analysis

<p>1. Type of Estimate and Analysis <input checked="" type="checkbox"/> Original <input type="checkbox"/> Updated <input type="checkbox"/> Corrected</p>	<p>2. Date January 22, 2021</p>
<p>3. Administrative Rule Chapter, Title and Number (and Clearinghouse Number if applicable) Accy 2</p>	
<p>4. Subject CPA examination completion deadline</p>	
<p>5. Fund Sources Affected <input type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEG-S</p>	<p>6. Chapter 20, Stats. Appropriations Affected</p>
<p>7. Fiscal Effect of Implementing the Rule <input checked="" type="checkbox"/> No Fiscal Effect <input type="checkbox"/> Increase Existing Revenues <input type="checkbox"/> Increase Costs <input type="checkbox"/> Decrease Costs <input type="checkbox"/> Indeterminate <input type="checkbox"/> Decrease Existing Revenues <input type="checkbox"/> Could Absorb Within Agency's Budget</p>	
<p>8. The Rule Will Impact the Following (Check All That Apply) <input type="checkbox"/> State's Economy <input type="checkbox"/> Specific Businesses/Sectors <input type="checkbox"/> Local Government Units <input type="checkbox"/> Public Utility Rate Payers <input type="checkbox"/> Small Businesses (if checked, complete Attachment A)</p>	
<p>9. Estimate of Implementation and Compliance to Businesses, Local Governmental Units and Individuals, per s. 227.137(3)(b)(1). \$0</p>	
<p>10. Would Implementation and Compliance Costs Businesses, Local Governmental Units and Individuals Be \$10 Million or more Over Any 2-year Period, per s. 227.137(3)(b)(2)? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p>	
<p>11. Policy Problem Addressed by the Rule The board realizes that hardship or other factors outside of an applicant's control may prevent an applicant from completing all of the sections of the Uniform CPA Examination within the required 18-month rolling period. This rule will allow an applicant to apply for and receive an extension upon a showing to the board's satisfaction that the applicant's circumstances warrant an extension.</p>	
<p>12. Summary of the Businesses, Business Sectors, Associations Representing Business, Local Governmental Units, and Individuals that may be Affected by the Proposed Rule that were Contacted for Comments. The proposed rule draft was posted on the department's website for 14 days to solicit economic impact comments from businesses, business sectors, associations representing business, local governmental units, and individuals. No comments were received.</p>	
<p>13. Identify the Local Governmental Units that Participated in the Development of this EIA. None.</p>	
<p>14. Summary of Rule's Economic and Fiscal Impact on Specific Businesses, Business Sectors, Public Utility Rate Payers, Local Governmental Units and the State's Economy as a Whole (Include Implementation and Compliance Costs Expected to be Incurred) The proposed rule will not have a significant impact on specific businesses, business sectors, public utility rate payers, local governmental units, or the state's economy as a whole.</p>	
<p>15. Benefits of Implementing the Rule and Alternative(s) to Implementing the Rule The benefit of implementing the rule will be to allow individuals who are unable to complete the CPA examination within the required 18-month period due to circumstances beyond their control to not lose credit for the work they have done, while also be provided additional time to complete the exam. The alternative to implementing the rule would be to require applicants who do not complete the required sections of the exam within 18-months to start over from the beginning, regardless of the circumstances.</p>	

ADMINISTRATIVE RULES Fiscal Estimate & Economic Impact Analysis

16. Long Range Implications of Implementing the Rule

The long range implication of implementing the rule will be to ensure that applicants for CPA are not required to re-do sections of an exam because of hardships that arose for reasons beyond their control.

17. Compare With Approaches Being Used by Federal Government

N/A

18. Compare With Approaches Being Used by Neighboring States (Illinois, Iowa, Michigan and Minnesota)

Illinois:

The Illinois Board of Examiners requires applicants for a CPA to complete the Uniform CPA exam's four sections within a rolling 18-month period begin upon completion of the first section. There is no provision for an extension of time due to hardship, however time spent in active duty in the United States military does not count toward the 18-month deadline. (Ill. Admin. Code § 1400.140).

Iowa:

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Minnesota:

Minnesota administrative code requires the Uniform CPA Examination to be completed within a rolling 18-month period beginning upon completion of the first section of the examination. The Minnesota Accountancy Board may waive this requirement upon a showing that the applicant cannot meet the deadline due to circumstances beyond the applicant's control (MN Admin. Code § 1105.2000).

19. Contact Name

Dale Kleven, Administrative Rules Coordinator

20. Contact Phone Number

(608) 261-4472

This document can be made available in alternate formats to individuals with disabilities upon request.

ADMINISTRATIVE RULES
Fiscal Estimate & Economic Impact Analysis

ATTACHMENT A

1. Summary of Rule's Economic and Fiscal Impact on Small Businesses (Separately for each Small Business Sector, Include Implementation and Compliance Costs Expected to be Incurred)

2. Summary of the data sources used to measure the Rule's impact on Small Businesses

3. Did the agency consider the following methods to reduce the impact of the Rule on Small Businesses?

- Less Stringent Compliance or Reporting Requirements
- Less Stringent Schedules or Deadlines for Compliance or Reporting
- Consolidation or Simplification of Reporting Requirements
- Establishment of performance standards in lieu of Design or Operational Standards
- Exemption of Small Businesses from some or all requirements
- Other, describe:

4. Describe the methods incorporated into the Rule that will reduce its impact on Small Businesses

5. Describe the Rule's Enforcement Provisions

6. Did the Agency prepare a Cost Benefit Analysis (if Yes, attach to form)

- Yes No
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