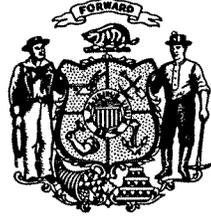


98-091 - ACCY (REG/LICENSING) - CPA RAIS
3.05

RULES CLEARINGHOUSE

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CLEARINGHOUSE REPORT TO AGENCY

[THIS REPORT HAS BEEN PREPARED PURSUANT TO S. 227.15, STATS. THIS IS A REPORT ON A RULE AS ORIGINALLY PROPOSED BY THE AGENCY; THE REPORT MAY NOT REFLECT THE FINAL CONTENT OF THE RULE IN FINAL DRAFT FORM AS IT WILL BE SUBMITTED TO THE LEGISLATURE. THIS REPORT CONSTITUTES A REVIEW OF, BUT NOT APPROVAL OR DISAPPROVAL OF, THE SUBSTANTIVE CONTENT AND TECHNICAL ACCURACY OF THE RULE.]

CLEARINGHOUSE RULE 98-091

AN ORDER to amend Accy 3.05 (1) (b) 2. and 3., 3.055 (1) and (3) and 7.035 (intro.); and to create Accy 7.035 (5), relating to the education required of candidates to take the examination leading to receipt of a credential as a certified public accountant after December 31, 2000.

Submitted by **DEPARTMENT OF REGULATION AND LICENSING**

06-26-98 RECEIVED BY LEGISLATIVE COUNCIL.

07-23-98 REPORT SENT TO AGENCY.

RS:RW:jt;rv

LEGISLATIVE COUNCIL RULES CLEARINGHOUSE REPORT

This rule has been reviewed by the Rules Clearinghouse. Based on that review, comments are reported as noted below:

1. STATUTORY AUTHORITY [s. 227.15 (2) (a)]

Comment Attached YES NO

2. FORM, STYLE AND PLACEMENT IN ADMINISTRATIVE CODE [s. 227.15 (2) (c)]

Comment Attached YES NO

3. CONFLICT WITH OR DUPLICATION OF EXISTING RULES [s. 227.15 (2) (d)]

Comment Attached YES NO

4. ADEQUACY OF REFERENCES TO RELATED STATUTES, RULES AND FORMS
[s. 227.15 (2) (e)]

Comment Attached YES NO

5. CLARITY, GRAMMAR, PUNCTUATION AND USE OF PLAIN LANGUAGE [s. 227.15 (2) (f)]

Comment Attached YES NO

6. POTENTIAL CONFLICTS WITH, AND COMPARABILITY TO, RELATED FEDERAL
REGULATIONS [s. 227.15 (2) (g)]

Comment Attached YES NO

7. COMPLIANCE WITH PERMIT ACTION DEADLINE REQUIREMENTS [s. 227.15 (2) (h)]

Comment Attached YES NO

WISCONSIN LEGISLATIVE COUNCIL STAFF

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CLEARINGHOUSE RULE 98-091

Comments

[NOTE: All citations to "Manual" in the comments below are to the Administrative Rules Procedures Manual, prepared by the Revisor of Statutes Bureau and the Legislative Council Staff, dated October 1994.]

1. Statutory Authority

Since the provisions relating to persons eligible to take the certified public accountant examination (CPA examination) in SECTION 4 are not in conformity with the applicable statutes, as affected by 1995 Act 333, the agency should be explicit in citing the statutory authority for the noncompliance. The analysis provides the policy justification; what should be provided is the statutory citation for the adoption of the provision. If the agency finds that the statutes provide inadequate authority for the rule, there is ample time before January 1, 2001 to seek an appropriate statutory amendment.

STATE OF WISCONSIN
ACCOUNTING EXAMINING BOARD

IN THE MATTER OF RULE-MAKING : PROPOSED ORDER OF THE
PROCEEDINGS BEFORE THE : ACCOUNTING EXAMINING BOARD
ACCOUNTING EXAMINING BOARD : ADOPTING RULES
: (CLEARINGHOUSE RULE 98-)

PROPOSED ORDER

An order of the Accounting Examining Board to *amend* Accy 3.05 (1) (b) 2. and 3., 3.055 (1) and (3) and 7.035 (intro.); and to *create* Accy 7.035 (5), relating to the education required of candidates to take the examination leading to receipt of a credential as a certified public accountant after December 31, 2000.

Analysis prepared by the Department of Regulation and Licensing.

ANALYSIS

Statutes authorizing promulgation: ss. 15.08 (5) (b) and 227.11 (2), Stats.

Statutes interpreted: s. 442.04 (4) (b), (bm) and (c), Stats.

This proposed order of the Accounting Examining Board has two primary effects. First, under the current rules a candidate to take the certified public accountant examination (CPA examination) provided by the American Institute of Certified Public Accountants (AICPA) must graduate from an institution with a resident major in accounting or its reasonable equivalent no later than 45 days after the CPA examination is taken. This time requirement has caused problems when graduation occurs a few days beyond the 45 day limit, due to individual school graduation dates. The relevant rules should be modified to extend the "examination-graduation" window to 60 days in order to accommodate these situations. Accordingly, SECTIONS 1 and 2 amend the related provisions in ss. Accy 3.05 and 3.055, respectively, to provide that candidates may sit for the CPA examination, if graduation will occur within 60 days thereafter.

The second area of rule-making will permit individuals who have graduated with a resident major in accounting or its reasonable equivalent prior to January 1, 2001, but who do not have 150 semester hours of accounting concentration, to sit for the CPA examination after December 31, 2000. SECTION 4 creates s. Accy 7.035 (5) to accomplish this purpose. Section 442.04 (4), Stats., as amended by 1995 Wisconsin Act 333, will require a person to have either a degree representing 150 semester hours education with an "accounting concentration," or its "reasonable equivalence" as determined by the Accounting Examining Board in order to take the qualifying examination after December 31, 2000. However, prior to that date there will be graduates with less than 150 semester hours who have either taken the examination and not successfully completed all of its parts or who, for whatever reason, chose not to take the examination prior to January 1, 2001, although they were eligible to do so. The board believes

that such individuals should be permitted to take or retake the examination after December 31, 2000, even though they may not possess 150 semester hours, because they had acquired the right to take the examination prior to the January 1, 2001 date. Good public policy and basic fairness indicate that these individuals should be "Grandparented" under the rules to permit them to exercise the right to take the examination they had acquired prior to January 1, 2001.

TEXT OF RULE

SECTION 1. Accy 3.05 (1) (b) 2. and 3. are amended to read:

Accy 3.05 (1) (b) 2. Verification from an institution, as defined in s. 442.04 (4) (a), Stats., that the candidate is expected to graduate with a resident major in accounting within ~~45~~ 60 days following the examination date.

3. Certified copies of transcripts for all academic work completed at an institution, as defined in s. 442.04 (4) (a), Stats., a list of all courses in which the candidate is currently enrolled, and verification from the institution that the candidate is expected to graduate within ~~45~~ 60 days following the examination date, if the candidate expects to receive the reasonable equivalence of a resident major in accounting.

SECTION 2. Accy 3.055 (1) and (3) are amended to read:

Accy 3.055 (1) A candidate permitted to sit for the examination upon the basis of reasonably expecting to receive a bachelor's or higher degree with a resident major in accounting or the reasonable equivalence of a resident major in accounting within ~~45~~ 60 days following the examination must submit certified copies of transcripts for all academic work completed at an institution, at least one of which must reflect the award of a bachelor's or higher degree, to the board office within 120 days following the date of the examination.

(3) A candidate who fails to receive a bachelor's or higher degree with a resident major in accounting or the reasonable equivalence of a resident major in accounting within ~~45~~ 60 days following the examination shall be deemed ineligible to have taken the examination, and the scores shall be deemed null and void.

SECTION 3. Accy 7.035 (intro.) is amended to read:

Accy 7.035 EDUCATION REQUIREMENT EFFECTIVE JANUARY 1, 2001. (intro.) Pursuant to s. 442.04 (4), Stats., after December 31, 2000, a person may not take the examination leading to the certificate to practice as a certified public accountant unless the person has, as part of the 150 semester hours education, met one of the following ~~four~~ conditions:

SECTION 4. Accy 7.035 (5) is created to read:

Accy 7.035 (5) Whether or not the person has 150 semester hours education, has graduated with a bachelor's or higher degree with a resident major in accounting, or its reasonable equivalence, prior to January 1, 2001.

(END OF TEXT OF RULE)

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., or 60 days after its adoption by the Accounting Examining Board, pursuant to s. 442.01 (2), Stats.

Dated _____

Agency _____

Chairperson
Accounting Examining Board

FISCAL ESTIMATE

1. The anticipated fiscal effect on the fiscal liability and revenues of any local unit of government of the proposed rule is: \$0.00.
2. The projected anticipated state fiscal effect on state funds of the proposed rule is: \$0.00.
3. The projected net annualized fiscal impact on state funds of the proposed rule is: \$0.00.

INITIAL REGULATORY FLEXIBILITY ANALYSIS

These proposed rules will be reviewed by the department through its Small Business Review Advisory Committee to determine whether there will be an economic impact on a substantial number of small businesses, as defined in s. 227.114(1) (a), Stats.

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6/24/98

**STATE OF WISCONSIN
ACCOUNTING EXAMINING BOARD**

**IN THE MATTER OF RULE-MAKING : PROPOSED ORDER OF THE
PROCEEDINGS BEFORE THE : ACCOUNTING EXAMINING BOARD
ACCOUNTING EXAMINING BOARD : ADOPTING RULES
: (CLEARINGHOUSE RULE 98-091)**

TO: Senator Robert Welch, Senate Co-Chairperson
Joint Committee for the Review of Administrative Rules
1 East Main Street
Room 201
Madison, Wisconsin 53702

SEP 29 1998

PLEASE TAKE NOTICE that the ACCOUNTING EXAMINING BOARD is submitting in final draft form proposed rules relating to the education required of candidates to take the examination leading to receipt of a credential as a certified public accountant after December 31, 2000.

Please stamp or sign a copy of this letter to acknowledge receipt. If you have any questions concerning the final draft form or desire additional information, please contact Pamela Haack at 266-0495.



Tommy G. Thompson
Governor

State of Wisconsin \ DEPARTMENT OF REGULATION & LICENSING



Marlene A. Cummings
Secretary

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P. O. BOX 8935
MADISON, WISCONSIN 53708-8935
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Administrative Rules in Final Draft Form

Accounting Examining Board

**Rule: Accy 3.05, 3.055
and 7.035**

**Relating to:
Education**

**Clearinghouse Rule:
No. 98-091**

**STATE OF WISCONSIN
ACCOUNTING EXAMINING BOARD**

**IN THE MATTER OF RULE-MAKING : REPORT TO THE LEGISLATURE
PROCEEDINGS BEFORE THE : ON CLEARINGHOUSE RULE 98-091
ACCOUNTING EXAMINING BOARD : (s. 227.19 (3), Stats.)**

I. THE PROPOSED RULE:

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

II. REFERENCE TO APPLICABLE FORMS:

No new or revised forms are required by these rules.

III. FISCAL ESTIMATES:

These rules will have no significant impact upon state or local units of government.

IV. STATEMENT EXPLAINING NEED:

This proposed order has two primary effects. First, under the current rules a candidate to take the certified public accountant examination (CPA examination) provided by the American Institute of Certified Public Accountants (AICPA) must graduate from an institution with a resident major in accounting or its reasonable equivalent no later than 45 days after the CPA examination is taken. This time requirement has caused problems when graduation occurs a few days beyond the 45 day limit, due to individual school graduation dates. The relevant rules should be modified to extend the "examination-graduation" window to 60 days in order to accommodate these situations. Accordingly, SECTIONS 1 and 2 of the rule-making order amend the related provisions in ss. Accy 3.05 and 3.055, respectively, to provide that candidates may sit for the CPA examination, if graduation will occur within 60 days thereafter.

The second area of rule-making will permit individuals who have graduated with a resident major in accounting or its reasonable equivalent prior to January 1, 2001, but who do not have 150 semester hours of accounting concentration, to sit for the CPA examination after December 31, 2000. SECTION 4 of the rule-making order creates s. Accy 7.035 (5) to accomplish this purpose. Section 442.04 (4), Stats., as amended by 1995 Wisconsin Act 333, will require a person to have either a degree representing 150 semester hours education with an "accounting concentration," or its "reasonable equivalence" as determined by the Accounting Examining Board in order to take the qualifying examination after December 31, 2000. However, prior to that date there will be graduates with less than 150 semester hours who have either taken the examination and not successfully completed all of its parts or who, for whatever reason, chose not to

take the examination prior to January 1, 2001, although they were eligible to do so. The board believes that such individuals should be permitted to take or retake the examination after December 31, 2000, even though they may not possess 150 semester hours, because they had acquired the right to take the examination prior to the January 1, 2001 date. Good public policy and basic fairness indicate that these individuals should be "Grandparented" under the rules to permit them to exercise the right to take the examination they had acquired prior to January 1, 2001.

V. NOTICE OF PUBLIC HEARING:

A public hearing was held on August 14, 1998. There were no appearances at the public hearing, nor were any written comments received.

VI. RESPONSE TO LEGISLATIVE COUNCIL STAFF RECOMMENDATIONS:

Under s. 442.04 (4) (bm), Stats., an individual may not take the CPA examination after December 31, 2000, unless he or she has received a bachelor's or higher degree with an accounting concentration comprised of at least 150 semester hours. However, that provision provides for an important exception under s. 442.04 (4) (c). In this respect, par. (c) states:

"...if the (accounting) examining board determines that such other experience provides the reasonable equivalence of...an accounting concentration required in par. (bm), the (accounting) examining board shall approve the applicant for examination."

Accordingly, proposed s. Accy 7.035 (5), represents a determination by the board that the receipt of a "resident major in accounting" under s. 442.04 (4) (b), prior to January 1, 2001, represents the reasonable equivalence of an "accounting concentration" under par. (bm), thereafter, even though the candidate may not have completed 150 semester hours.

The statutory authority for the rule has been modified, therefore, to include s. 442.04 (b), (bm) and (c), Stats.

VII. FINAL REGULATORY FLEXIBILITY ANALYSIS:

The proposed rules will have no significant economic impact on small businesses, as defined in s. 227.114 (1) (a), Stats.

STATE OF WISCONSIN
ACCOUNTING EXAMINING BOARD

IN THE MATTER OF RULE-MAKING : PROPOSED ORDER OF THE
PROCEEDINGS BEFORE THE : ACCOUNTING EXAMINING BOARD
ACCOUNTING EXAMINING BOARD : ADOPTING RULES
: (CLEARINGHOUSE RULE 98- 091)

PROPOSED ORDER

An order of the Accounting Examining Board to *amend* Accy 3.05 (1) (b) 2. and 3., 3.055 (1) and (3) and 7.035 (intro.); and to *create* Accy 7.035 (5), relating to the education required of candidates to take the examination leading to receipt of a credential as a certified public accountant after December 31, 2000.

Analysis prepared by the Department of Regulation and Licensing.

ANALYSIS

Statutes authorizing promulgation: ss. 15.08 (5) (b), 227.11 (2) and 442.04 (4) (b), (bm) and (c), Stats.

Statutes interpreted: s. 442.04 (4) (b), (bm) and (c), Stats.

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examination prior to January 1, 2001, although they were eligible to do so. The board believes that such individuals should be permitted to take or retake the examination after December 31, 2000, even though they may not possess 150 semester hours, because they had acquired the right to take the examination prior to the January 1, 2001 date. Good public policy and basic fairness indicate that these individuals should be "Grandparented" under the rules to permit them to exercise the right to take the examination they had acquired prior to January 1, 2001.

TEXT OF RULE

SECTION 1. Accy 3.05 (1) (b) 2. and 3. are amended to read:

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3. Certified copies of transcripts for all academic work completed at an institution, as defined in s. 442.04 (4) (a), Stats., a list of all courses in which the candidate is currently enrolled, and verification from the institution that the candidate is expected to graduate within ~~45~~ 60 days following the examination date, if the candidate expects to receive the reasonable equivalence of a resident major in accounting.

SECTION 2. Accy 3.055 (1) and (3) are amended to read:

Accy 3.055 (1) A candidate permitted to sit for the examination upon the basis of reasonably expecting to receive a bachelor's or higher degree with a resident major in accounting or the reasonable equivalence of a resident major in accounting within ~~45~~ 60 days following the examination must submit certified copies of transcripts for all academic work completed at an institution, at least one of which must reflect the award of a bachelor's or higher degree, to the board office within 120 days following the date of the examination.

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SECTION 3. Accy 7.035 (intro.) is amended to read:

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SECTION 4. Accy 7.035 (5) is created to read:

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(END OF TEXT OF RULE)

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., or 60 days after its adoption by the Accounting Examining Board, pursuant to s. 442.01 (2), Stats.

Dated _____ Agency _____
Chairperson
Accounting Examining Board

FISCAL ESTIMATE

1. The anticipated fiscal effect on the fiscal liability and revenues of any local unit of government of the proposed rule is: \$0.00.
2. The projected anticipated state fiscal effect on state funds of the proposed rule is: \$0.00.
3. The projected net annualized fiscal impact on state funds of the proposed rule is: \$0.00.

FINAL REGULATORY FLEXIBILITY ANALYSIS

These proposed rules will have no significant economic impact on small businesses, as defined in s. 227.114(1) (a), Stats.

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9/28/98

WISCONSIN LEGISLATIVE COUNCIL STAFF



RULES CLEARINGHOUSE

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CLEARINGHOUSE REPORT TO AGENCY

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Submitted by **DEPARTMENT OF REGULATION AND LICENSING**

06-26-98 RECEIVED BY LEGISLATIVE COUNCIL.
07-23-98 REPORT SENT TO AGENCY.

RS:RW:jt;rv

LEGISLATIVE COUNCIL RULES CLEARINGHOUSE REPORT

This rule has been reviewed by the Rules Clearinghouse. Based on that review, comments are reported as noted below:

1. STATUTORY AUTHORITY [s. 227.15 (2) (a)]

Comment Attached

YES NO

2. FORM, STYLE AND PLACEMENT IN ADMINISTRATIVE CODE [s. 227.15 (2) (c)]

Comment Attached

YES NO

3. CONFLICT WITH OR DUPLICATION OF EXISTING RULES [s. 227.15 (2) (d)]

Comment Attached

YES NO 4. ADEQUACY OF REFERENCES TO RELATED STATUTES, RULES AND FORMS
[s. 227.15 (2) (e)]

Comment Attached

YES NO

5. CLARITY, GRAMMAR, PUNCTUATION AND USE OF PLAIN LANGUAGE [s. 227.15 (2) (f)]

Comment Attached

YES NO 6. POTENTIAL CONFLICTS WITH, AND COMPARABILITY TO, RELATED FEDERAL
REGULATIONS [s. 227.15 (2) (g)]

Comment Attached

YES NO

7. COMPLIANCE WITH PERMIT ACTION DEADLINE REQUIREMENTS [s. 227.15 (2) (h)]

Comment Attached

YES NO

WISCONSIN LEGISLATIVE COUNCIL STAFF

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CLEARINGHOUSE RULE 98-091

Comments

[NOTE: All citations to "Manual" in the comments below are to the Administrative Rules Procedures Manual, prepared by the Revisor of Statutes Bureau and the Legislative Council Staff, dated October 1994.]

I. Statutory Authority

Since the provisions relating to persons eligible to take the certified public accountant examination (CPA examination) in SECTION 4 are not in conformity with the applicable statutes, as affected by 1995 Act 333, the agency should be explicit in citing the statutory authority for the noncompliance. The analysis provides the policy justification; what should be provided is the statutory citation for the adoption of the provision. If the agency finds that the statutes provide inadequate authority for the rule, there is ample time before January 1, 2001 to seek an appropriate statutory amendment.