

2015 DRAFTING REQUEST

Bill

Received: **2/19/2015** Received By: **mgallagh**
 For: **Howard Marklein (608) 266-0703** Same as LRB: **-4286**
 May Contact: By/Representing: **Crystal**
 Subject: **Occupational Reg. - prof lic** Drafter: **mgallagh**
 Addl. Drafters:
 Extra Copies:

Submit via email: **YES**
 Requester's email: **Sen.Marklein@legis.wi.gov**
 Carbon copy (CC) to: **michael.gallagher@legis.wisconsin.gov**

Pre Topic:

No specific pre topic given

Topic:

CPA continuing education.

Instructions:

See attached

Drafting History:

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/?	mgallagh 2/20/2015	rschluet 2/24/2015	_____			
/P1	mgallagh 4/11/2015	csicilia 4/17/2015	_____	sbasford 2/24/2015		
/P2	mgallagh 5/18/2015	csicilia 5/22/2015	_____	lparisi 4/17/2015		
/P3	mduchek	csicilia	_____	mbarman		State

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
	10/8/2015	10/23/2015	_____	5/22/2015		
/P4	mduchek 12/18/2015	wjackson 12/22/2015	_____ _____	lparisi 10/23/2015		State
/P5	mduchek 1/6/2016	csicilia 1/6/2016	_____ _____	mbarman 12/23/2015		State
/1	mduchek 1/6/2016	wjackson 1/6/2016	_____ _____	sbasford 1/6/2016	sbasford 1/6/2016	State
/2			_____ _____	mbarman 1/6/2016	sbasford 1/6/2016	State

FE Sent For:

→ A+ Intro.

<END>

Gallagher, Michael

From: Potts, Crystal
Sent: Tuesday, January 27, 2015 3:13 PM
To: Gallagher, Michael
Cc: Potts, Crystal
Subject: Continuing Ed for CPAs

Mike,

Thanks for taking my call today. I look forward to working with you on this and hopefully, it will be an easy one. There are three main items we would like to address in this draft:

- 1) Clarification of the number of semester hours and education needed to take the CPA Exam:
442.04(5)(b)4. Except as provided in s. 442.05, the person has successfully passed an examination in such subjects affecting accountancy as the examining board considers necessary. A person is not eligible to take the examination under this subdivision unless the person has completed at least 120 semester hours with an accounting concentration under subd. 3.
- 2) We would need language that would require continuing education for CPAs:
442.083 Renewal. The renewal dates for licenses issued under this chapter are specified under s. 440.08 (2) (a), and the renewal fees for such licenses are determined by the department under s. 440.03 (9) (a). The department may not renew a license issued to a firm unless, at the time of renewal, the firm satisfies the requirements under s. 442.08 (2) and demonstrates, to the satisfaction of the department, that the firm has complied with the requirements under s. 442.087. The examining board may research and recommend to the department the promulgation of rules requiring a certified public accountant to participate in continuing professional development activities during a specified period in order to renew a certified public accountant license. The examining board may adopt a rule requiring a certified public accountant to participate in continuing professional development activities in order to renew a certified public accountant license only after the examining board has held a public hearing with reference thereto, subject to the rules promulgated under s. 440.03 (1).
- 3) It is my understanding that we may need to actually give the Accounting Examining Board (AEB) the authority to require continuing education credits and to enforce that CPAs must take them. After working with AEB and the WICPA, they offered to provide some sample language:

442.01 Examining board; duties.

- (1)** The examining board shall promulgate rules that adopt by reference all of the following:
- (a) The statements on auditing standards issued by the Auditing Standards Board of the American Institute of Certified Public Accountants.
 - (b) The statements on standards for accounting and review services issued by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants.
 - (c) The statements on standards for attestation engagements issued by the Auditing Standards Board, the Accounting and Review Services Committee, and the Consulting Services Executive Committee of the American Institute of Certified Public Accountants.
- (2)** The examining board may not adopt a standard or rule relating to professional conduct, continuing professional development requirements for renewal of a license to practice as a Certified Public Accountant, or unethical practice until the examining board has held a public hearing with reference thereto, subject to the rules promulgated under s. 440.03 (1). Except for a rule modified under s. 227.265, no rule or standard shall become effective until 60 days after its adoption by the examining board. Any person who has appeared at the

public hearing and filed written protest against a proposed standard or rule may, upon the adoption of such standard or rule by the examining board, obtain a review thereof under ch. 227. Thereafter every person practicing as a certified public accountant in the state shall be governed and controlled by the rules and standards prescribed by the examining board, including any modifications under s. 227.265.

(3) The examining board may adopt rules relating to continuing professional development requirements for renewal of a license to practice as a Certified Public Accountant, subject to the requirements of s. 442.01(2).

(3) The examining board shall record its proceedings.

History: 1977 c. 418; 1981 c. 356; 1983 a. 27; 1991 a. 39; 1999 a. 85; 2001 a. 16; 2013 a. 210.

Cross-reference: See also Accy, Wis. adm. code.

I hope this is helpful and it provides a good starting point. Please let me know if you have any questions.

Thanks,

Crystal Potts

Chief of Staff

Office of State Senator Howard Marklein

17th Senate District

608-266-0703

Crystal.Potts@legis.wi.gov



gis

1/21

PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION

Handwritten initials and marks on the left margin.

Gen Cat

1 AN ACT ...; relating to: continuing education requirements for certified public
2 accountants and granting rule-making authority.

Analysis by the Legislative Reference Bureau

Under current law, the Accounting Examining Board (board) licenses certified public accountants in Wisconsin. Current law does not contain specific continuing education requirements for certified public accountants licensed by the board. This bill authorizes but does not require the board to promulgate rules establishing such continuing education requirements, subject to certain public hearing and other requirements applicable under current law to the board's promulgation of rules concerning professional conduct or unethical practice.

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

3 SECTION 1. 442.01 (2) of the statutes is amended to read:
4 442.01 (2) The examining board may not promulgate a rule under s. 442.083
5 (2) or adopt a standard or rule relating to professional conduct or unethical practice
6 until the examining board has held a public hearing with reference thereto, subject
7 to the rules promulgated under s. 440.03 (1). Except for a rule modified under s.

1 227.265, no rule or standard shall become effective until 60 days after its adoption
2 by the examining board. Any person who has appeared at the public hearing and
3 filed written protest against a proposed standard or rule may, upon the adoption of
4 such standard or rule by the examining board, obtain a review thereof under ch. 227.
5 Thereafter every person practicing as a certified public accountant in the state shall
6 be governed and controlled by the rules and standards prescribed by the examining
7 board, including any modifications under s. 227.265.

X 8 **History:** 1977 c. 418; 1981 c. 356; 1983 a. 27; 1991 a. 39; 1999 a. 85; 2001 a. 16; 2013 a. 210.

SECTION 2. 442.04 (5) (b) 4. of the statutes is amended to read:

9 442.04 (5) (b) 4. Except as provided in s. 442.05, the person has successfully
10 passed an examination in such subjects affecting accountancy as the examining
11 board considers necessary. A person is not eligible to take the examination under this
12 subdivision unless the person has completed at least 120 semester hours with an
13 accounting concentration under subd. 3.

X 14 **History:** 1975 c. 224; 1977 c. 219, 418; 1979 c. 337; 1981 c. 356, 380, 391; 1995 a. 333; 2001 a. 16; 2013 a. 21, 114, 210.

SECTION 3. 442.083 of the statutes is renumbered 442.083 (1).

X 15 **SECTION 4.** 442.083 (2) of the statutes is created to read:

16 442.083 (2) The examining board may promulgate rules establishing
17 continuing education requirements for renewal of a license under s. 442.08 (1).

****NOTE: I did not include the language authorizing a recommendation to DSPTS concerning the rules promulgation because it is the examining board and not DSPTS that is authorized to promulgate the rule. If I have misunderstood the intent, please let me know. MPG

18

(END)

Gallagher, Michael

From: Potts, Crystal
Sent: Monday, March 30, 2015 3:56 PM
To: Gallagher, Michael
Subject: RE: LRB 1813/p1

Mike--

Sorry for the delay in my reply. A couple of things..

- 1) On page 2, line 18, item (2): Could we replace "The examining board may promulgate rules establishing continuing education requirements for renewal of a license under s. 442.09 (1)" to "The examining board may research the promulgation of rules establishing continuing education requirements for renewal of a license under s 442.08 (1)?"
- 2) To answer your question regarding the definition of "accounting concentration":
The reason for adding the phrase is that the current statutory language could be interpreted to permit an individual with 120 college credit hours to take the CPA exam in Wisconsin even if they have never taken an accounting course. The prior statute required a CPA exam candidate to have both a minimum number of college credits, as well as a minimum number of college credits in accounting courses in order to take the CPA exam. The intent of adding the phrase "with an accounting concentration" to s. 442.04 (5) (b) 4 is to clarify the currently ambiguous references and cross references in s. 442.04 (5) (b) 3, s. 442.04 (5) (b) 4, and s. 442.04 (c) so that the only reasonable interpretation of these references is that the college education of a CPA exam candidate must include "an accounting concentration" or the "equivalent of an accounting concentration" as determined by the examining board in accordance with s. 442.04 (c).

Does that address your question? Let me know if I can be of further assistance to you. There is no rush on this.

Thanks,

Crystal Potts

Chief of Staff
Office of State Senator Howard Marklein
17th Senate District
608-266-0703
Crystal.Potts@legis.wi.gov

From: Gallagher, Michael
Sent: Monday, March 02, 2015 10:12 AM
To: Potts, Crystal
Subject: RE: LRB 1813/p1

Crystal:

See the last paragraph in this e-mail for a drafting issue that we need to address.

There is no definition of "accounting concentration" or "concentration in accounting" in the statutes or in the rules of the Accounting Examining Board. However, see the definition of "resident major in accounting" under Wis. Admin. Code s. Accy 7.02 (3):

A "resident major in accounting" is a course of study identified by a school accredited by the North Central Association of Colleges and Schools or its regional equivalent as a major in

accounting. Where more than one course of accounting study is offered by a school, the course of study for public accounting shall be the defined "resident major in accounting."

Also, the administrative rules further clarify what is and is not required to take the CPA examination and, therefore, receive licensure. See Wis. Admin. Code chs. Accy 3 and 7.

Finally, looking again at the addition of the "with an accounting concentration" language on page 2, lines 14 to 15 of the bill, I originally thought that addition was somewhat superfluous but essentially harmless because it merely repeated the language under s. 442.04 (5) (b) 3., which is cross-referenced in s. 442.04 (5) (b) 4., the statutory provision being treated in the bill. However, looking at it more closely, I think the addition of "with an accounting concentration" creates a potential conflict with s. 442.04 (5) (b) 3. because s. 442.04 (5) (b) 3. allows an exception to the prerequisite of 150 semester hours "with an accounting concentration" as provided under s. 442.04 (5) (c). Therefore, I would recommend removing the addition of the "with an accounting concentration" language to s. 442.04 (5) (b) 4. and leave the more general cross-reference to s. 442.04 (5) (b) 3. As it is under current law, which incorporates the exception under s. 442.04 (5) (c). If you have any questions, let me know. If, instead, you want to retain the addition of the "with an accounting concentration" language to s. 442.04 (5) (b) 4., then we should discuss the intent so that I can make other necessary changes to the draft to ensure that any potential unintended conflict or confusion is minimized.

Thanks.

Mike

Michael Gallagher
Legislative Attorney
Wisconsin Legislative Reference Bureau
(608) 267-7511

From: Potts, Crystal
Sent: Friday, February 27, 2015 4:43 PM
To: Gallagher, Michael
Cc: Potts, Crystal
Subject: LRB 1813/p1

Mike,

Thanks for the quick turnaround after our conversation last week.

A couple of things:

1. Regarding your note at the bottom of Page 2 after Line 19, you are correct regarding our intent in rule promulgation and the Accounting Examining Board.
2. Under Page 2, Lines 14-15: "with an accounting concentration": Is this defined anywhere in statute or in DSPS rule?

Thank you!

Have a great weekend,

Crystal Potts
Chief of Staff
Office of State Senator Howard Marklein
17th Senate District

608-266-0703
Crystal.Potts@legis.wi.gov



PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION

CS
1/22

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SA

1 AN ACT to renumber 442.083; to amend 442.01 (2) and 442.04 (5) (b) 4.; and to
2 create 442.083 (2) of the statutes; relating to: continuing education
3 requirements for certified public accountants and granting rule-making
4 authority.

Analysis by the Legislative Reference Bureau

research the feasibility of

Under current law, the Accounting Examining Board (board) licenses certified public accountants in Wisconsin. Current law does not contain specific continuing education requirements for certified public accountants licensed by the board. This bill authorizes but does not require the board to promulgate rules establishing such continuing education requirements, subject to certain public hearing and other requirements applicable under current law to the board's promulgation of rules concerning professional conduct or unethical practices.

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

5 SECTION 1. 442.01 (2) of the statutes is amended to read:
6 442.01 (2) The examining board may not promulgate a rule under s. 442.083
7 (2) or adopt a standard or rule relating to professional conduct or unethical practice

The bill also specifies that the 120 credit hours required to sit for the accountant licensure exam must be with a concentration in accounting or business administration.

1 until the examining board has held a public hearing with reference thereto, subject
 2 to the rules promulgated under s. 440.03 (1). Except for a rule modified under s.
 3 227.265, no rule or standard shall become effective until 60 days after its adoption
 4 by the examining board. Any person who has appeared at the public hearing and
 5 filed written protest against a proposed standard or rule may, upon the adoption of
 6 such standard or rule by the examining board, obtain a review thereof under ch. 227.
 7 Thereafter every person practicing as a certified public accountant in the state shall
 8 be governed and controlled by the rules and standards prescribed by the examining
 9 board, including any modifications under s. 227.265.

shall research the feasibility of

10 SECTION 2. 442.04 (5) (b) 4. of the statutes is amended to read:

11 442.04 (5) (b) 4. Except as provided in s. 442.05, the person has successfully
 12 passed an examination in such subjects affecting accountancy as the examining
 13 board considers necessary. A person is not eligible to take the examination under this
 14 subdivision unless the person has completed at least 120 semester hours with an
 15 accounting concentration under subd. 3.

16 SECTION 3. 442.083 of the statutes is renumbered 442.083 (1).

17 SECTION 4. 442.083 (2) of the statutes is created to read:

18 442.083 (2) The examining board may promulgate rules establishing
 19 continuing education requirements for renewal of a license under s. 442.08 (1).

****NOTE: I did not include the language authorizing a recommendation to DSPPS concerning the rules promulgation because it is the examining board and not DSPPS that is authorized to promulgate the rule. If I have misunderstood the intent, please let me know. MPG

20 (END)

Do you want to include a reporting requirement?

or the reasonable equivalence of an accounting concentration, as determined by the examining board under par.(c)

Gallagher, Michael

From: Potts, Crystal
Sent: Sunday, May 17, 2015 3:10 PM
To: Gallagher, Michael
Cc: Potts, Crystal
Subject: LRB 1813
Attachments: 15-1813_P2 (2) - II.pdf

Mike—

Senator Marklein and I went over the proposed draft on the accounting continuing ed with stakeholders and accountants. I have attached their proposed revisions to the LRB. Senator Marklein is ok with these proposed changes. Please let us know if you see something concerning in removing the term “accounting concentration” from this draft.

Have a great Sunday,

Crystal Potts

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