

BOARDS AND COMMISSIONS

State Board of Accountancy

(Amendment)

201 KAR 1:050. License application.

RELATES TO: KRS 325.261, 325.280, 325.330

STATUTORY AUTHORITY: KRS 325.240(2), 325.330(1)(c)

NECESSITY, FUNCTION, AND CONFORMITY: KRS 325.240(2) authorizes the Kentucky State Board of Accountancy to promulgate administrative regulations for the administration of KRS Chapter 325. KRS 325.330(1)(c) requires the board to promulgate administrative regulations establishing an application process. This administrative regulation establishes the requirements for obtaining a license as a certified public accountant.

Section 1.

(1) A person who has met the qualifications contained in KRS 325.261 shall submit the Application for License.

(2) With his or her application, the person shall include:

(a) A check or money order, which is nonrefundable, made payable to the Kentucky State Board of Accountancy for \$100;

(b) The certificate of experience as described in 201 KAR 1:063;

(c) A list of colleges and universities with graduation dates, degrees awarded, and the official transcript described in 201 KAR 1:190, unless it is already in possession of the board;

(d) An official transcript as described in 201 KAR 1:190 from an accredited college or university as described in 201 KAR 1:190 which verifies the candidate has satisfied the 150-hour requirement of KRS 325.261;

(e) Proof of successful completion of the Uniform CPA Exam. If the applicant successfully completed the examination in Kentucky, documentation shall not be required. If the examination was successfully completed in another jurisdiction, the applicant shall have an Authorization for Interstate Exchange of Information submitted to the board on his or her behalf; and

(f) If the applicant is not a citizen of the United States:

1. Documentation from the United States Citizenship and Immigration Services, or its successor, to verify the person is legally residing in the United States; or

2. Documentation from the employer that verifies the person is an employee of a public accounting firm, company, or institution of postsecondary education located outside the United States, which also has an office or campus located in the United States.

Section 2. License by Reciprocity.

(1) An applicant for a license by reciprocity shall submit or cause to have submitted:

(a) An Application for Reciprocal License;

(b) Payment of the fee and other documents required by Section 1(2) of this administrative regulation, except for an official transcript; and

(c) An Authorization for Interstate Exchange of Information form completed by the licensing jurisdiction where the applicant holds a valid and active license to practice.

(2) If the applicant cannot provide the certificate of experience as required in Section 1 of this administrative regulation and:

(a) Is applying under the provisions of KRS 325.280(1)(c)1, the applicant shall have the licensing jurisdiction where he or she holds a valid and active license send certified copies of experience requirement documents from his or her license file; or

(b) Is applying under the provisions of KRS 325.280(1)(c)2, he or she shall submit or cause to have submitted one (1) of the following documents which clearly reflects that the applicant has practiced public accounting as a full-time profession for four (4) of the last ten (10) years:

1. Proof of public accounting errors and omissions insurance;
2. A letter from an attorney, client, or certified public accountant that has knowledge of the applicant's practice;
3. Copies of firm license applications; or
4. Copies of personal tax returns.

Section 3. Incorporation by Reference.

(1) The following material is incorporated by reference:

- (a) "Application for License", August 2015;
- (b) "Application for Reciprocal License", August 2015; and
- (c) "Authorization for Interstate Exchange of Information", ~~2023~~[August 2015].

(2) This material may be inspected, copied, or obtained, subject to applicable copyright law, at the State Board of Accountancy, 332 W. Broadway, Suite 310, Louisville, Kentucky 40202, Monday through Friday, 8 a.m. and 4:30 p.m.

DAVID R. PRICE, Board President

APPROVED BY AGENCY: May 8, 2023

FILED WITH LRC: May 12, 2023 at 12:50 p.m.

PUBLIC HEARING AND COMMENT PERIOD: A public hearing on this administrative regulation shall be held on July 27, 2023 at 3:00 p.m., EST at the office of the Board located at 332 W. Broadway, Suite 310 Louisville, Kentucky 40202. Individuals interested in being heard at this hearing shall notify this agency in writing by five workdays prior to the hearing, of their intent to attend. If no notification of intent to attend the hearing is received by that date, the hearing may be canceled. This hearing is open to the public. Any person who wishes to be heard will be given the opportunity to comment on the proposed administrative regulation. A transcript of the public hearing will not be made unless a written request for a transcript is made. If you do not wish to be heard at the public hearing, you may submit written comments on the proposed administrative regulation. Written comments shall be accepted until the end of the day (11:59 p.m.) July 31, 2023. Send written notification of intent to be heard at the public hearing or written comments on the proposed administrative regulation to the contact person.

CONTACT PERSON: Joseph P. Donohue, Executive Director, Kentucky State Board of Accountancy, 332 W. Broadway, Suite 310, Louisville, Kentucky 40202, phone (502) 595-3037, fax (502) 595-4281, email joep.donohue@ky.gov.

REGULATORY IMPACT ANALYSIS AND TIERING STATEMENT

Contact Person: Joseph P. Donohue

(1) Provide a brief summary of:

(a) What this administrative regulation does:

Establishes the requirements for obtaining a license as a certified public accountant (“CPA”).

(b) The necessity of this administrative regulation:

To insure that CPA candidates are aware of important information related to the application process for CPA licensure.

(c) How this administrative regulation conforms to the content of the authorizing statutes:

KRS 325.240(2) authorizes the Kentucky State Board of Accountancy to promulgate administrative regulations for the administration of KRS Chapter 325. KRS 325.330(1)(c) requires the board to promulgate administrative regulations establishing an application process.

(d) How this administrative regulation currently assists or will assist in the effective administration of the statutes:

The regulation notifies the public, CPA candidates, and potential CPA candidates of the requirements and process for obtaining a CPA license.

(2) If this is an amendment to an existing administrative regulation, provide a brief summary of:

(a) How the amendment will change this existing administrative regulation:

The amendment revises an official board form to correctly reference new specific sections of the Uniform CPE Examination being implemented by the American Institute of Certified Public Accountants (“AICPA”) in January 2024.

(b) The necessity of the amendment to this administrative regulation:

The amendment is required to update an official board form to accurately reflect changes being made to the Uniform CPA Examination in January 2024.

(c) How the amendment conforms to the content of the authorizing statutes:

The amendment conforms to the authority provided to the board by 325.240(2) and KRS 325.330(1)(c) to promulgate administrative regulations establishing a CPA licensure application process.

(d) How the amendment will assist in the effective administration of the statutes:

The update provided by the amendment ensures that official board forms will continue to accurately reference the existing sections of the uniform CPA exam.

(3) List the type and number of individuals, businesses, organizations, or state and local governments affected by this administrative regulation:

This regulation affects applicants seeking licensure as a Kentucky CPA. The number of applicants for CPA licensure has averaged approximately 243 people per year over the last four years.

(4) Provide an analysis of how the entities identified in question (3) will be impacted by either the implementation of this administrative regulation, if new, or by the change, if it is an amendment, including:

(a) List the actions that each of the regulated entities identified in question (3) will have to take to comply with this administrative regulation or amendment:

No additional actions will be required. The amendment just updates the board's form's description of the Uniform CPA Examination to maintain its accuracy in light of revisions being made to the exam by the AICPA.

(b) In complying with this administrative regulation or amendment, how much will it cost each of the entities identified in question (3):

No additional costs will be incurred.

(c) As a result of compliance, what benefits will accrue to the entities identified in question (3):

The amendment will avoid any potential confusion to CPA licensing applicants regarding the Uniform CPA Examination.

(5) Provide an estimate of how much it will cost the administrative body to implement this administrative regulation:

(a) Initially:

No increase in current expenses.

(b) On a continuing basis:

No increase in expenses.

(6) What is the source of the funding to be used for the implementation and enforcement of this administrative regulation:

No additional funding will be needed.

(7) Provide an assessment of whether an increase in fees or funding will be necessary to implement this administrative regulation, if new, or by the change if it is an amendment:

No increase will be necessary.

(8) State whether or not this administrative regulation establishes any fees or directly or indirectly increases any fees:

There is no additional fee imposed by this proposed amendment.

(9) TIERING: Is tiering applied?

Tiering is not applied since the standards set forth in this regulation govern all Kentucky CPA candidates.

FISCAL NOTE

(1) What units, parts, or divisions of state or local government (including cities, counties, fire departments, or school districts) will be impacted by this administrative regulation?

The State Board of Accountancy.

(2) Identify each state or federal statute or federal regulation that requires or authorizes the action taken by the administrative regulation.

KRS 325.240(2) and KRS 325.330(1)(c).

(3) Estimate the effect of this administrative regulation on the expenditures and revenues of a state or local government agency (including cities, counties, fire departments, or school districts) for the first full year the administrative regulation is to be in effect.

(a) How much revenue will this administrative regulation generate for the state or local government (including cities, counties, fire departments, or school districts) for the first year?

None.

(b) How much revenue will this administrative regulation generate for the state or local government (including cities, counties, fire departments, or school districts) for subsequent years?

None.

(c) How much will it cost to administer this program for the first year?

No increase in current costs is expected.

(d) How much will it cost to administer this program for subsequent years?

No increase in expenses for future years is anticipated.

Note: If specific dollar estimates cannot be determined, provide a brief narrative to explain the fiscal impact of the administrative regulation.

Revenues (+/-):Neutral

Expenditures (+/-):Neutral

Other Explanation:

No financial impact is expected to occur as a result of the proposed amendments to this regulation.

(4) Estimate the effect of this administrative regulation on the expenditures and cost savings of regulated entities for the first full year the administrative regulation is to be in effect.

(a) How much cost savings will this administrative regulation generate for the regulated entities for the first year?

No cost savings are anticipated.

(b) How much cost savings will this administrative regulation generate for the regulated entities for subsequent years?

No cost savings are anticipated.

(c) How much will it cost the regulated entities for the first year?

No additional costs are anticipated.

(d) How much will it cost the regulated entities for subsequent years?

No additional costs are anticipated.

Note: If specific dollar estimates cannot be determined, provide a brief narrative to explain the fiscal impact of the administrative regulation.

Cost Savings (+/-):Neutral.

Expenditures (+/-):Neutral.

Other Explanation:

No financial impact is expected to occur as a result of the proposed amendments to this regulation.

(5) Explain whether this administrative regulation will have a major economic impact, as defined below.

"Major economic impact" means an overall negative or adverse economic impact from an administrative regulation of five hundred thousand dollars (\$500,000) or more on state or local government or regulated entities, in aggregate, as determined by the promulgating administrative bodies. [KRS 13A.010 (13)] The proposed amendment will not have a major economic impact.