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H.B. 442
133rd General Assembly

Bill Analysis

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Version: As Reported by House Commerce and Labor

Primary Sponsors: Reps. Roemer and West

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SUMMARY

- Eliminates the ability of a person with two years of accounting experience, but whose degree does not satisfy the education requirement for a certified public accountant (CPA) certificate, to successfully complete additional coursework and become eligible to receive a CPA certificate.
- Eliminates an exemption for a registered public accountant satisfying the education requirements necessary to qualify for a CPA certificate (Ohio has not registered public accountants since 1993).
- Permits a person to take the CPA certificate examination if the person has a baccalaureate degree, its equivalent, or a higher degree that includes successful completion of at least 120 semester hours of undergraduate or graduate education, rather than after completing 150 hours as under current law.
- Allows a person who holds a master's degree in business administration to take the CPA certificate examination before satisfying the education and experience requirements, provided the person has completed at least 15 semester hours of accounting courses.
- Eliminates examination schedule requirements and the Accountancy Board's ability to adopt rules granting credit to an individual who has passed one or more parts of another state's CPA examination.

DETAILED ANALYSIS

CPA certificate education and experience requirements

Under continuing law, a person applying for a certified public accountant (CPA) certificate must complete one year of specified experience if the person has a baccalaureate or higher degree that is approved by the Accountancy Board and includes successful completion of 150 semester hours of undergraduate or graduate education. Currently, a person who has a baccalaureate or higher degree that does not satisfy the education requirement for a CPA

certificate can return to school, successfully complete additional coursework, and become eligible to receive a certificate, provided the person has two years of experience in a public accounting firm, government, business, or academia and satisfies other requirements. The bill eliminates this provision. Additionally, under current law, unless the exception above applies, the experience requirement for any person who does not meet the education requirement is four years. It is not clear whether this provision allows one to substitute experience for education in whole or in part, or if it is meant to apply only when the educational requirements are waived or do not apply. This provision also is repealed by the bill.

The bill also eliminates an exemption for a registered public accountant satisfying any education requirement necessary to receive a CPA certificate. Continuing law has prohibited the Board from registering new public accountants since April 16, 1993. Thus, under the bill, a person seeking a CPA certificate must satisfy one of the following educationally related requirements, both of which are available in current law:

- Satisfy the education requirement by attaining a Board-approved baccalaureate or higher degree with 150 semester hours of education concentrated on accounting and business administration;
- Receive a waiver from the education requirement by attaining an associate degree or a baccalaureate degree with a concentration in accounting and business administration and passing a special examination.

Under continuing law, a person who satisfies the education requirement must have one year of experience in a public accounting firm, the government, a business, or academia to receive a CPA certificate. A person who receives a waiver must have four years of experience. In addition to the education and experience requirements to obtain a CPA certificate, a candidate also must (1) establish in Ohio residency, a place of business, or regular employment, (2) be at least 18 years old, (3) have good moral character, and (4) pass the CPA examination described below.¹

CPA examination

Eligibility

Under the bill, a person may take the CPA certificate examination before the person has satisfied the education requirements necessary for a CPA certificate, provided the person has a bachelor's degree, its equivalent, or a higher degree that includes successful completion of at least 120 semester hours of undergraduate or graduate education. The Board must adopt rules specifying the degrees that make a person eligible to take the examination and the subjects the Board considers appropriate. The bill specifically allows a person who holds a master's degree in business administration to take the examination before satisfying the education and

¹ R.C. 4701.06(A) and (B), with conforming changes in R.C. 4701.17, and R.C. 4701.07(F), not in the bill.

experience requirements, provided the person has completed at least 15 semester hours of accounting courses.

Under current law, before sitting for the examination, a person must satisfy the education requirements for a CPA certificate, have those requirements waived by the Board, or obtain the professional accountant registration described above, and can sit for the examination before satisfying the experience requirement. Under the bill, a person who passes the CPA examination is not a CPA until the person satisfies the education and experience requirements described above (currently, such a person only has to satisfy the requisite experience).²

Examination offerings

The bill repeals the requirement that the Board hold the CPA certificate examination at least once per year. Additionally, it repeals the Board's ability to adopt a rule to grant credit to a candidate for satisfactory completion of an examination that a licensing authority of another state gave in one or more of the subjects required in Ohio's examination. Under the current administrative rule, the Board has discretion to grant credit for another state's examination in light of the following factors:

- Whether the applicant meets the requirements to take the Ohio CPA examination, or met the Ohio requirements at the time the applicant took the other state's examination;
- Whether the credit is still valid in the other state.

The rule prohibits the Board from granting credit for another state's examination if the time period during which the credit would be valid under Ohio law or under the other state's law, whichever is shorter, has expired.³

HISTORY

| Action | Date |
|---------------------------------|----------|
| Introduced | 12-09-19 |
| Reported, H. Commerce and Labor | 06-04-20 |

H0442-RH-133/ar

² R.C. 4701.06(C) and (D).

³ R.C. 4701.06, partially repealed by the bill, and Ohio Administrative Code 4701-5-09.