

# House Bill 121

Office of Representative Calvin Schrage

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# HB 121 Accountancy Act Changes

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- The accounting profession in Alaska faces workforce shortages.
- Current regulations create unnecessary barriers to entry.
- Aligning with national standards will improve access to services.
- HB 121 makes key changes to modernize the profession.

# Sectional analysis summary

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**Education requirement**



**Practice privilege for firms**

# Education Requirement

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## **Current requirements:**

- 150-credit hours AND two years of experience for CPA licensure.

## **National Trends:**

- 30 states have introduced legislation removing the 150 – credit hour requirement for licensure.
- Many states are moving toward a 'dual pathway'
  - a) 150 – credit hour + one year of experience OR
  - b) 120 credit hours (Bachelors degree) + two years of experience

# Education Requirement

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## **HB 121:**

- Removes the 150 – credit hour requirement for CPA licensure (moving to a bachelors + two years of experience model).
- Retains essential qualification requirements
  - Passing CPA exam
  - Bachelor's degree with an accounting concentration
  - Two years of relevant experience

# Practice Privilege

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## Current requirements for out-of-state firms

- AS 08.04.240(k)
- Firms that do not have an office in Alaska but provide, or offer to provide, attest functions in the state are still required obtain CPA firm permits.

**“Firm”** means a sole proprietorship, partnership, limited liability company, corporation, or other legal entity that can organize as a legal person under state law. AS 08.04.680(6).

**“Attest function”** means audit, review, examination of prospective financial information, and other services as described in AS 08.04.680(1).

# Practice Privilege

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## Current requirements for out-of-state individuals (AS 08.04.420 and 08.04.422)

- Licensed to practice public accounting in another state
- The individual's licensing state satisfies substantial equivalency requirements to the qualifications required of an applicant for a license in Alaska.
- Principal place of business for the practice of public accounting is in that other state
- Consent to Alaska's jurisdiction and disciplinary authority of the board
- Assign home state's board as agent for service of process
- Do not need to provide notice, pay a fee, or submit documentation

**CPA license:** license granted by the state of application after all education, exam, and experience requirements have been met.

**"Principal place of business"** office location designated by an individual for the purposes of substantial equivalency and reciprocity. AS 08.04.680(17).

**"Practice privilege"** means a practice privilege authorized under AS 08.04.420. AS 08.04.680(15).

# Practice Privilege for Firms

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## **HB 121 - Firm mobility**

- Provides for firm mobility
- Aligns firm practice privilege with existing individual CPA practice privilege.
- Reduces administrative burdens.
- Maintains regulatory oversight.



# Impact on Alaska

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## **Benefits of HB 121**

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Increases the pipeline of CPA candidates

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Encourages business growth and supports business needs

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Regulatory oversight remains intact

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Makes Alaska a more accessible market for accounting professionals.

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# Public Protection

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- Subject to that board's rules, regulations, and requirements.
- "no notice, no fee, no escape" model
  1. **No Notice:** Out-of-state CPA firms that qualify for practice privilege do not have to apply or notify the state board before providing services.
  2. **No Fee:** They are not required to pay additional licensing fees beyond those in their home state.
  3. **No Escape:** Even without a physical presence, firms remain fully subject to Alaska's laws and the jurisdiction of the Alaska Board of Public Accountancy.

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