



National Association of State Boards of Accountancy

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January 5, 2023

Ms. Linda Wedul, President and CEO
Minnesota Society of CPAs
1650 West 82nd Street, Suite 600
Bloomington MN 55431

Sent via email: lwedul@mncpa.org

Dear Ms. Wedul:

We recently learned that the Board of Directors of the Minnesota Society of CPAs (Society) approved the drafting of legislation that would provide for multiple education pathways for licensure. It is our understanding that the proposed legislation may include three education pathways: 150 semester credit hours of education with one-year of experience; 120 semester credit hours of education with two-years of experience and a yet to be defined third hybrid pathway.

We believe that it is important for you and the Board of the Directors of the Society to understand the potential impact that the enactment of such legislation may have on Minnesota's being designated substantially equivalent and the resulting impact it may have on Minnesota licensed CPAs and public accounting firms.

The guidelines for the substantial equivalency standard are set out in Appendix B of the Uniform Accountancy Act. Specifically, Section A. Substantially Equivalent States provides "*the criteria for determining whether a state's CPA qualification requirements are substantially equivalent to the UAA include: ...completion of the 150 hour education requirement, passage of the Uniform CPA examination and compliance with a one year general experience requirement.*"

Should any jurisdiction adopt legislation, rules or regulations which alter their licensing requirements in a manner that is not compliant with the UAA requirements (150 semester hours of education with accounting concentration, at least one-year acceptable experience, and successful completion of the Uniform CPA Examination), that jurisdiction will be found to be non-substantially equivalent by the National Qualification Appraisal Service.

If Minnesota enacts legislation that does not comply with these requirements, Minnesota will lose its substantial equivalency status. Should this occur, it would have the following impact on Minnesota CPAs and public accounting firms:

- Minnesota CPAs would no longer be able to practice in another jurisdiction under mobility and would instead first need to obtain a CPA license or temporary practice permit to practice in another jurisdiction.

With the enactment of substantial equivalency across the 55 jurisdictions, many, if not all, jurisdictions eliminated the temporary practice permit provision from their laws and rules and as a result, CPAs from non-substantially equivalent jurisdictions would need to obtain a CPA license to practice in another jurisdiction.

- Because Minnesota would no longer be considered substantially equivalent, a Minnesota CPA would not be able to apply for a license under reciprocity without first undergoing a review of his/her college transcripts to verify that the CPA has met the 150-hour education requirement. The Uniform Accountancy Act provides that individuals who personally meet the substantial equivalency standard may apply to the National Qualification Appraisal Service if the jurisdiction in which they are licensed is not substantially equivalent to the UAA.
- Minnesota public accounting firms would no longer be able to use the firm mobility provisions to practice in those jurisdictions that have adopted the firm mobility provision because their CPAs would no longer be eligible to practice in another jurisdiction under substantial equivalency.

As a result, a Minnesota public accounting firm would need to obtain a practice permit before providing any professional services in any other jurisdiction, including those that have adopted firm mobility.

- Practicing in another jurisdiction without a license or permit could subject a Minnesota CPA or public accounting firm to disciplinary action for performing professional services without a license or firm permit.

Given the significant impact that legislation lowering the education threshold for licensure will have on Minnesota licensed CPAs and public accounting firms, we ask you to carefully consider the need for such legislation.

Sincerely,



Maria-Lisa Caldwell, Esq.
Chief Legal Officer

c: Minnesota State Board of Accountancy
Charles Selcer, Board Chair
Doreen Johnson, Executive Director