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# Notice of Rulemaking Hearing

Hearings will be conducted in the manner prescribed by the Uniform Administrative Procedures Act, Tennessee Code Annotated, Section 4-5-204. For questions and copies of the notice, contact the person listed below.

<b>Agency/Board/Commission:</b>	Tennessee State Board of Accountancy
<b>Division:</b>	
<b>Contact Person:</b>	Chris Whittaker
<b>Address:</b>	500 James Robertson Parkway; Nashville, TN 37243
<b>Phone:</b>	(615) 741-3072
<b>Email:</b>	<a href="mailto:Chris.Whittaker@tn.gov">Chris.Whittaker@tn.gov</a>

Any Individuals with disabilities who wish to participate in these proceedings (to review these filings) and may require aid to facilitate such participation should contact the following at least 10 days prior to the hearing:

<b>ADA Contact:</b>	Don Coleman
<b>Address:</b>	500 James Robertson Parkway, 5 <sup>th</sup> Floor; Nashville, TN 37243
<b>Phone:</b>	(615) 741-6500
<b>Email:</b>	<a href="mailto:Don.Coleman@tn.gov">Don.Coleman@tn.gov</a>

**Hearing Location(s)** (for additional locations, copy and paste table)

Address 1:	710 James Robertson Parkway		
Address 2:	2 <sup>nd</sup> Floor		
City:	Nashville, TN		
Zip:	37243		
Hearing Date :	5/6/11		
Hearing Time:	9:00 A.M	<input checked="" type="checkbox"/> CST	<input type="checkbox"/> EST

**Additional Hearing Information:**

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**Revision Type (check all that apply):**

- Amendment
- New
- Repeal

**Rule(s)** (ALL chapters and rules contained in filing must be listed. If needed, copy and paste additional tables to accommodate more than one chapter. Please enter only **ONE** Rule Number/Rule Title per row.)

Chapter Number	Chapter Title
0020-01	Licensing and Registration Requirements
Rule Number	Rule Title
0020-01-01	Definitions
0020-01-04	Fees
0020-01-06	Examinations
0020-01-08	Renewal of Licenses
0020-01-13	Interstate Practice

Chapter Number	Chapter Title
0020-02	Educational and Experience Requirements
Rule Number	Rule Title
0020-02-02	Education

Chapter Number	Chapter Title
0020-03	Rules of Professional Conduct
Rule Number	Rule Title
0020-03-16	Notification to the Board

Chapter Number	Chapter Title
0020-05	Continuing Education
Rule Number	Rule Title
0020-05-03	Basic Requirements
0020-05-04	Qualifying Programs

Chapter Number	Chapter Title
0020-06	Peer Review
Rule Number	Rule Title
0020-06-04	Basic Requirements

Chapter 0020-01  
Board of Accountancy, Licensing and Registration Requirements  
Amendments

Rule 0020-01-.01(1) Definitions is amended to add definitions for "Delinquent License" as new subparagraph (h) and Expired License" as new subparagraph (i), and to amend the definition of "Member", renumbered as subparagraph (l), to read as follows:

- (h) "Delinquent License" means a license which is more than one day but less than one year past the expiration date of the license;
- (i) "Expired License" means a license that is more than one year past the expiration date of the license;
- (l) "Member" means a member, partner, or shareholder in a limited liability company, partnership, or corporation;

Authority: T.C.A. §§ 62-1-103, 62-1-105, 62-1-105(e), 62-1-108 and 62-1-111(a)(12).

Rule 0020-01-.04(1) Fees is amended by amending subparagraphs (f) and (g) to read as follows:

- (f) Fee for late filing of permit, certificate, or registration renewal application-

One hundred dollars (\$ 100.00)

- (g) Fee for application for reinstatement- Two hundred and fifty dollars (\$ 250.00) pre year or part year

Authority: T.C.A. §§ 62-1-105 and 62-1-107.

Rule 0020-01-.06 Examinations is amended by deleting paragraph (6) in its entirety and by deleting subparagraph (7)(b) in its entirety.

Authority: T.C.A. §§ 62-1-105 and 62-1-106.

Rule 0020-01-.08 Renewal of Licenses is amended by deleting paragraph (7) in its entirety and by amending paragraphs (5), (6), and (8) to read as follows:

- (5) The Board may request additional evidence from licensees for continuing professional education requirements including continuing professional education audits (which require CPE course completion documentation).
- (6) Licensees that renew more than thirty-one (31) days but less than one (1) year following their expiration date will be assessed a late fee in the amount of \$ 100.00.
- (8) Licenses not renewed within one (1) year of the expiration date shall be deemed to have expired. Any individual wishing to reinstate an expired license shall comply with paragraph (4) of this rule and paragraph (6) of rule 0020-5-.03. The CPE hours required to be completed to reinstate an expired license are considered penalty hours and may not be used to offset the CPE hours required for the renewal of a license.

Authority: T.C.A. §§ 62-1-105, 62-1-107, 62-1-108, 62-1-109, and 62-1-111.

Rule 0020-01-.13 Interstate Practice is amended by deleting subparagraph (2)(a) in its entirety, deleting subparagraph (2)(b) in its entirety, and by adding a new paragraph (4) to read as follows:

- (4) Any Tennessee licensee who lives in another state and who wishes to practice accountancy under this chapter must maintain his or her Tennessee license in good standing in order to do so.

Authority: T.C.A. §§ 62-1-105, 62-1-107, 62-1-110, 62-1-111, 62-1-113, and 62-1-114.

## Chapter 0020-02 Educational and Experience Requirements

### Amendments

Rule 0020-02-.02 Education is amended by amending subparagraphs (1)(a), (1)(b), and paragraph (3) to read as follows:

- (1) An applicant will be deemed to have met the educational requirement if the applicant has earned a baccalaureate or higher degree from an accredited educational institution and obtained the minimum number of hours required by Tenn. Code Ann. § 62-1-106(c) which includes:
- (a) At least thirty (30) semester or forty-five (45) quarter hours of accounting education including the elementary level;
- (b) Not more than three (3) semester or four (4) quarter hours may be internship programs which may be applied to the thirty (30) semester or forty-five (45) quarter hours in accounting; and,

- (3) For purposes of this rule, candidates must have at least twenty-four (24) semester or thirty-six (36) quarter hours of accounting courses at the upper division level, junior level courses or higher.

Authority: T.C.A. §§ 62-1-105 and 62-1-106.

Chapter 0020-03  
Rules of Professional Conduct

Amendments

Rule 0020-03-.16 Notification to the Board is amended by amending paragraph (1) to read as follows:

- (1) A licensee shall notify the Board in writing within thirty (30) days of any change of name, mailing address, e-mail address, and, in the case of individual licensees, change of employment.

Authority: T.C.A. §§ 62-1-105 and 62-1-111.

Chapter 0020-05  
Continuing Education

Amendments

Rule 0020-05-.03 Basic Requirements is amended by amending subparagraph (1)(b) and by adding a new subparagraph (7)(c) to read as follows:

- (1) A license holder seeking regular biennial renewal shall, as a prerequisite for such renewal, show that he or she has completed no less than eighty (80) hours of qualified continuing professional education during the two (2)-year period immediately preceding renewal with a minimum of twenty (20) hours in each year with specifications as follows:
- (b) All license holders shall complete a board-approved two (2) hour state-specific ethics course designed to familiarize the licensee with accountancy law and rules as well as professional ethics;
- (7) A non-resident licensee seeking renewal of a license in this state shall meet the CPE requirement of this rule by meeting the CPE requirements for renewal of a license in the state in which the licensee's principal office is located.
- (c) If the state in which a non-resident licensee's principal office is located does not require a course in ethics, the non-resident licensee shall complete the ethics requirement for this state as set forth in rule 0020-5-.03(1)(b).

Authority: T.C.A. §§ 62-1-105, 62-1-107, and 62-1-111.

Rule 0020-05-.04 Qualifying Programs is amended by amending paragraph (6) to read as follows:

- (6) In the board's discretion, continuing education credit may be allowed for writing articles and books, provided that their preparation contributes to the professional competence of the license holder. Credit for such preparation may be awarded on a self-declaration basis of up to fifty percent (50%) of the two (2) year continuing education requirement. Additional credit may be awarded in exceptional circumstances, upon the written request of the license holder, accompanied by a copy of the article(s) or books(s) and a statement of justification. No credit shall be given for unpublished book(s) or article(s).

Authority: T.C.A. §§ 62-1-105 and 62-1-107.

Chapter 0020-06  
Peer Review Program

## Amendments

Rule 0020-06-.04 Basic Requirements is amended by amending paragraph (2) and paragraph (4) to read as follows:

- (2) Each firm that performs one or more audit engagements shall have an on-site peer review. Firms that perform only compilations or reviews in accordance with SSARS shall have either an on-site or off-site peer review.
- (4) Failure of a firm to be enrolled in a board-approved peer review program in a timely manner will result in the denial of the firm's permit to practice.

Authority: T.C.A. §§ 62-1-105 and 62-2-201.

I certify that the information included in this filing is an accurate and complete representation of the intent and scope of rulemaking proposed by the agency.



Date: 3/11/2011

Signature: *Chris Whittaker*

Name of Officer: Christopher R. Whittaker, Esq.

Title of Officer: Assistant General Counsel, Tennessee Dept. of Commerce & Insurance

Subscribed and sworn to before me on: March 11, 2011

Notary Public Signature: *Sandra K. Cooper*

My commission expires on: May 2, 2011

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Filed with the Department of State on: 03/11/2011

*Tre Hargett*

Tre Hargett  
Secretary of State

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