

**Department of State
Division of Publications**

312 Rosa L. Parks Avenue, 8th Floor Snodgrass/TN Tower
Nashville, TN 37243
Phone: 615-741-2650
Email: publications.information@tn.gov

For Department of State Use Only

Sequence Number: 10-21-16
Rule ID(s): 6347
File Date: 10/28/16
Effective Date: 1/26/17

Proposed Rule(s) Filing Form

Proposed rules are submitted pursuant to Tenn. Code Ann. §§ 4-5-202, 4-5-207, and 4-5-229 in lieu of a rulemaking hearing. It is the intent of the Agency to promulgate these rules without a rulemaking hearing unless a petition requesting such hearing is filed within ninety (90) days of the filing of the proposed rule with the Secretary of State. To be effective, the petition must be filed with the Agency and be signed by ten (10) persons who will be affected by the amendments, or submitted by a municipality which will be affected by the amendments, or an association of ten (10) or more members, or any standing committee of the General Assembly. The agency shall forward such petition to the Secretary of State.

Pursuant to Tenn. Code Ann. § 4-5-229, any new fee or fee increase promulgated by state agency rule shall take effect on July 1, following the expiration of the ninety (90) day period as provided in § 4-5-207. This section shall not apply to rules that implement new fees or fee increases that are promulgated as emergency rules pursuant to § 4-5-208(a) and to subsequent rules that make permanent such emergency rules, as amended during the rulemaking process. In addition, this section shall not apply to state agencies that did not, during the preceding two (2) fiscal years, collect fees in an amount sufficient to pay the cost of operating the board, commission or entity in accordance with § 4-29-121(b).

Agency/Board/Commission:	Tennessee State Board of Accountancy
Division:	Department of Commerce and Insurance
Contact Person:	Benjamin Glover
Address:	500 James Robertson Parkway
Zip:	37243
Phone:	615-770-0085
Email:	Benjamin.Glover@tn.gov

Revision Type (check all that apply):

- Amendment
 New
 Repeal

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

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

(Place substance of rules and other info here. Statutory authority must be given for each rule change. For information on formatting rules go to http://sos.tn.gov/sites/default/files/forms/Rulemaking_Guidelines_August2014.pdf)

Chapter 0020-02
Educational and Experience Requirements

Amendments

Rule 0020-02-.02 Education is amended by adding the phrase "for the purpose of being eligible to receive a certificate pursuant to § 62-1-106(c)(1)" immediately following the phrase "educational requirement" in paragraph (1) so that, as amended, the paragraph shall read:

- (1) An applicant will be deemed to have met the educational requirement for the purpose of being eligible to receive a certificate pursuant to § 62-1-106(c)(1) 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:

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

Rule 0020-02-.02 Education is amended by adding a new paragraph (4) to read as follows:

- (4) An applicant for CPA examination shall be deemed to have met the educational requirement solely for the purpose of being admitted to take the CPA examination pursuant to § 62-1-106(c)(2) if the applicant has earned a baccalaureate or higher degree from an accredited educational institution and obtained at least eighteen (18) semester or twenty-seven (27) quarter hours of accounting education at the upper division level, junior level courses or higher. Semester or quarter hours from internship programs may not be applied to the eighteen (18) semester or twenty-seven (27) quarter hours in accounting required by this paragraph.
 - (a) An application to sit for examination may be filed, processed and approved prior to the completion of a baccalaureate or higher degree so long as the applicant submits materials with the application that demonstrate that, at the time of the first examination, the applicant will have a baccalaureate or higher degree with the hours of accounting education required by paragraph (4).
 - (b) A certificate of enrollment and certified transcript from the educational institution demonstrating that the applicant will have the required degree prior to the first examination shall be sufficient documentation to demonstrate that the applicant will have a baccalaureate or higher degree with the hours of accounting education required by paragraph (4) at the time of the first examination; provided, however, that the Board or its designee may accept such other reasonable documentation as an applicant may provide properly demonstrating that the applicant will have met the requirements of this paragraph prior to examination.
 - (c) No credit will be given to an applicant for an examination if that applicant fails to successfully obtain a baccalaureate or higher degree with the hours of accounting education required by paragraph (4) prior to the time the applicant took the examination.

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

* If a roll-call vote was necessary, the vote by the Agency on these rules was as follows:

Board Member	Aye	No	Abstain	Absent	Signature (if required)
Judy Wetherbee	X				
Don Royston	X				
Casey Stuart	X				
Janet Booker-Davis	X				
Stephen Eldridge	X				
Larry Elmore	X				
Gay Moon	X				
Gabe Roberts	X				
Trey Watkins				X	
Charlene Spiceland	X				

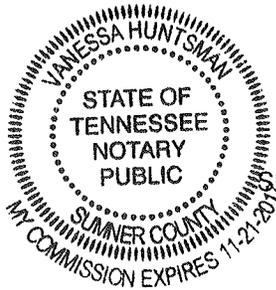
I certify that this is an accurate and complete copy of proposed rules, lawfully promulgated and adopted by the TN State Board of Accountancy on 05/06/2016 (date as mm/dd/yyyy), and is in compliance with the provisions of T.C.A. § 4-5-222. The Secretary of State is hereby instructed that, in the absence of a petition for proposed rules being filed under the conditions set out herein and in the locations described, he is to treat the proposed rules as being placed on file in his office as rules at the expiration of ninety (90) days of the filing of the proposed rule with the Secretary of State.

Date: 9/21/2016

Signature: [Handwritten Signature]

Name of Officer: Benjamin Paul Glover

Title of Officer: Assistant General Counsel



Subscribed and sworn to before me on: 09/21/2016

Notary Public Signature: Vanessa Huntsman

My commission expires on: 11/21/2017

Rules of the Tennessee State Board of Accountancy
Chapter 0020-02 Education & Experience
Rule 0020-02-.02 Education

All proposed rules provided for herein have been examined by the Attorney General and Reporter of the State of Tennessee and are approved as to legality pursuant to the provisions of the Administrative Procedures Act, Tennessee Code Annotated, Title 4, Chapter 5.

Herbert H. Slatery III
Herbert H. Slatery III
Attorney General and Reporter
10/19/2016
Date

Department of State Use Only

Filed with the Department of State on: 10/28/16

Effective on: 1/26/17

Tre Hargett
Tre Hargett
Secretary of State

RECEIVED
2016 OCT 28 PM 1:51
SECRETARY OF STATE
PUBLICATIONS

Regulatory Flexibility Addendum

Pursuant to T.C.A. §§ 4-5-401 through 4-5-404, prior to initiating the rule making process as described in T.C.A. § 4-5-202(a)(3) and T.C.A. § 4-5-202(a), all agencies shall conduct a review of whether a proposed rule or rule affects small businesses.

(If applicable, insert Regulatory Flexibility Addendum here)

1. The type or types of small business and an identification and estimate of the number of small businesses subject to the proposed rule that would bear the cost of, or directly benefit from the proposed rule:

The proposed amendment to the rule would affect applicants seeking admission by examination. Currently, there are approximately 4,300 licensed CPA and PA firms, 14,800 licensed CPAs (including active and inactive) in Tennessee. The majority of CPA and PA firms are small businesses. Licensees and applicants will benefit from the rule because it clarifies the eligibility requirements to sit for examination pending completion of educational requirements.

2. The projected reporting, recordkeeping and other administrative costs required for compliance with the proposed rule, including the type of professional skills necessary for preparation of the report or record:

This amendment sets the minimum hours of accounting education required to sit for the examination and allows applications for examination to be processed before the applicant obtains the necessary educational requirements, provided the applicant successfully completes the degree on or before the examination. Therefore, the amendment accelerates the application process without imposing any additional cost or reducing educational requirements.

3. A statement of the probable effect on impacted small businesses and consumers:

Small businesses, which make up the vast majority of CPA and PA firms in Tennessee, will benefit from the accelerated application process for the examination. The amendment allows students to apply to sit for the examination pending the completion of their degrees, provided they satisfy the educational requirements on or before they sit for examination. Consumers will also benefit from the influx of newly licensed CPAs as they are presumably more affordable than their more experienced colleagues.

4. A description of any less burdensome, less intrusive or less costly alternative methods of achieving the purpose and objectives of the proposed rule that may exist, and to what extent the alternative means might be less burdensome to small business:

The proposed amendments are not burdensome or intrusive to small businesses. There is no known alternative method that is less burdensome or intrusive.

5. A comparison of the proposed rule with any federal or state counterparts:

There are no known federal counterparts to the issues addressed by these rules. Other states have rules setting out the qualifications and procedures for a CPA applicant to take an examination. For instance, Alabama Rule 30-X-4-.02(b) requires that applicants have completed a degree from a four-year college or university. Similarly, Georgia Rule 20-3-.02(1) requires that applicants have "30 quarter hours or 20 semester hours in accounting subjects above the elementary level at a four-year accredited college or university which offers a baccalaureate degree" and that they have completed the requirements for a baccalaureate prior to sitting for examination.

6. Analysis of the effect of the possible exemption of small businesses from all or any part of the requirements contained in the proposed rule:

These amendments do not create any additional requirements on small businesses.

Impact on Local Governments

Pursuant to T.C.A. §§ 4-5-220 and 4-5-228 "any rule proposed to be promulgated shall state in a simple declarative sentence, without additional comments on the merits of the policy of the rules or regulation, whether the rule or regulation may have a projected impact on local governments." (See Public Chapter Number 1070 (<http://state.tn.us/sos/acts/106/pub/pc1070.pdf>) of the 2010 Session of the General Assembly)

(Insert statement here)

These proposed rules are not anticipated to have any impact on local governments.

Additional Information Required by Joint Government Operations Committee

All agencies, upon filing a rule, must also submit the following pursuant to T.C.A. § 4-5-226(i)(1).

- (A)** A brief summary of the rule and a description of all relevant changes in previous regulations effectuated by such rule;

The proposed amendments to the rule clarify what an "accounting concentration" is for admittance to sit for the examinations and for licensure. The amendments also increase the clarity and conformity of the rule with the relevant statutes and rules.

- (B)** A citation to and brief description of any federal law or regulation or any state law or regulation mandating promulgation of such rule or establishing guidelines relevant thereto;

There are no federal laws or regulations mandating such a rule. T.C.A. § 62-1-105(e) gives the board the power to adopt rules in order to enforce the provisions of the Tennessee Accountancy Act of 1998.

- (C)** Identification of persons, organizations, corporations or governmental entities most directly affected by this rule, and whether those persons, organizations, corporations or governmental entities urge adoption or rejection of this rule;

Applicants for the CPA examination are most directly affected by this rule.

- (D)** Identification of any opinions of the attorney general and reporter or any judicial ruling that directly relates to the rule;

There are no known AG opinions or judicial rulings which directly relate to this rule.

- (E)** An estimate of the probable increase or decrease in state and local government revenues and expenditures, if any, resulting from the promulgation of this rule, and assumptions and reasoning upon which the estimate is based. An agency shall not state that the fiscal impact is minimal if the fiscal impact is more than two percent (2%) of the agency's annual budget or five hundred thousand dollars (\$500,000), whichever is less;

There is no indication that there will be any increase or decrease in state and local government revenues and expenditures as a result of the promulgation of this rule. If there is any increase or decrease, such change will be less than two percent (2%) of the agency's annual budget.

- (F)** Identification of the appropriate agency representative or representatives, possessing substantial knowledge and understanding of the rule;

Wendy Garvin and Benjamin Glover of the TN State Board of Accountancy from the TN Dept. of Commerce and Insurance.

- (G)** Identification of the appropriate agency representative or representatives who will explain the rule at a scheduled meeting of the committees;

Wendy Garvin and Benjamin Glover of the TN State Board of Accountancy from the TN Dept. of Commerce and Insurance.

- (H)** Office address, telephone number, and email address of the agency representative or representatives who will explain the rule at a scheduled meeting of the committees; and

Wendy Garvin
Acting Executive Director
500 James Robertson Parkway
Nashville, TN 37243
615-532-7397
wendy.garvin@tn.gov

Benjamin Glover
Assistant General Counsel
500 James Robertson Parkway
Nashville, TN 37243
615-770-0085
benjamin.glover@tn.gov

(I) Any additional information relevant to the rule proposed for continuation that the committee requests.

There is no additional information relevant to the rule requested.

**Department of State
Division of Publications**

312 Rosa L. Parks Avenue, 8th Floor Snodgrass/TN Tower
Nashville, TN 37243
Phone: 615-741-2650
Email: publications.information@tn.gov

For Department of State Use Only

Sequence Number: _____
Rule ID(s): _____
File Date: _____
Effective Date: _____

Proposed Rule(s) REDLINE

Proposed rules are submitted pursuant to Tenn. Code Ann. §§ 4-5-202, 4-5-207, and 4-5-229 in lieu of a rulemaking hearing. It is the intent of the Agency to promulgate these rules without a rulemaking hearing unless a petition requesting such hearing is filed within ninety (90) days of the filing of the proposed rule with the Secretary of State. To be effective, the petition must be filed with the Agency and be signed by ten (10) persons who will be affected by the amendments, or submitted by a municipality which will be affected by the amendments, or an association of ten (10) or more members, or any standing committee of the General Assembly. The agency shall forward such petition to the Secretary of State.

Pursuant to Tenn. Code Ann. § 4-5-229, any new fee or fee increase promulgated by state agency rule shall take effect on July 1, following the expiration of the ninety (90) day period as provided in § 4-5-207. This section shall not apply to rules that implement new fees or fee increases that are promulgated as emergency rules pursuant to § 4-5-208(a) and to subsequent rules that make permanent such emergency rules, as amended during the rulemaking process. In addition, this section shall not apply to state agencies that did not, during the preceding two (2) fiscal years, collect fees in an amount sufficient to pay the cost of operating the board, commission or entity in accordance with § 4-29-121(b).

Agency/Board/Commission: Tennessee State Board of Accountancy
Division: Department of Commerce and Insurance
Contact Person: Benjamin Glover
Address: 500 James Robertson Parkway
Zip: 37243
Phone: 615-770-0085
Email: Benjamin.Glover@tn.gov

Revision Type (check all that apply):

- Amendment
 New
 Repeal

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

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

(Place substance of rules and other info here. Statutory authority must be given for each rule change. For information on formatting rules go to http://sos.tn.gov/sites/default/files/forms/Rulemaking_Guidelines_August2014.pdf)

Chapter 0020-02
Educational and Experience Requirements

Amendments

Rule 0020-02-.02 Education is amended by adding the phrase "for the purpose of being eligible to receive a certificate pursuant to § 62-1-106(c)(1)" immediately following the phrase "educational requirement" in paragraph (1) so that, as amended, the paragraph shall read:

- (1) An applicant will be deemed to have met the educational requirement for the purpose of being eligible to receive a certificate pursuant to § 62-1-106(c)(1) 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:

Authority: T.C.A. §§ 58-308, 62-1-105, and 62-1-106, ~~and 62-1-111.~~

Rule 0020-02-.02 Education is amended by adding a new paragraph (4) to read as follows:

- (4) An applicant for CPA examination shall be deemed to have met the educational requirement solely for the purpose of being admitted to take the CPA examination pursuant to § 62-1-106(c)(2) if the applicant has earned a baccalaureate or higher degree from an accredited educational institution and obtained at least eighteen (18) semester or twenty-seven (27) quarter hours of accounting education at the upper division level, junior level courses or higher. Semester or quarter hours from internship programs may not be applied to the eighteen (18) semester or twenty-seven (27) quarter hours in accounting required by this paragraph.
 - (a) An application to sit for examination may be filed, processed and approved prior to the completion of a baccalaureate or higher degree so long as the applicant submits materials with the application that demonstrate that, at the time of the first examination, the applicant will have a baccalaureate or higher degree with the hours of accounting education required by paragraph (4).
 - (b) A certificate of enrollment and certified transcript from the educational institution demonstrating that the applicant will have the required degree prior to the first examination shall be sufficient documentation to demonstrate that the applicant will have a baccalaureate or higher degree with the hours of accounting education required by paragraph (4) at the time of the first examination; provided, however, that the Board or its designee may accept such other reasonable documentation as an applicant may provide properly demonstrating that the applicant will have met the requirements of this paragraph prior to examination.
 - (c) No credit will be given to an applicant for an examination if that applicant fails to successfully obtain a baccalaureate or higher degree with the hours of accounting education required by paragraph (4) prior to the time the applicant took the examination.

Authority: T.C.A. §§ 58-308, 62-1-105, and 62-1-106, ~~and 62-1-111.~~

* If a roll-call vote was necessary, the vote by the Agency on these rules was as follows:

Board Member	Aye	No	Abstain	Absent	Signature (if required)
Judy Wetherbee	X				
Don Royston	X				
Casey Stuart	X				
Janet Booker-Davis	X				
Stephen Eldridge	X				
Larry Elmore	X				
Gay Moon	X				
Gabe Roberts	X				
Trey Watkins				X	
Charlene Spiceland	X				

I certify that this is an accurate and complete copy of proposed rules, lawfully promulgated and adopted by the TN State Board of Accountancy on 05/06/2016 (date as mm/dd/yyyy), and is in compliance with the provisions of T.C.A. § 4-5-222. The Secretary of State is hereby instructed that, in the absence of a petition for proposed rules being filed under the conditions set out herein and in the locations described, he is to treat the proposed rules as being placed on file in his office as rules at the expiration of ninety (90) days of the filing of the proposed rule with the Secretary of State.

Date: _____

Signature: _____

Name of Officer: _____

Title of Officer: _____

Subscribed and sworn to before me on: _____

Notary Public Signature: _____

My commission expires on: _____

Rules of the Tennessee State Board of Accountancy
Chapter 0020-02 Education & Experience
Rule 0020-02-.02 Education

All proposed rules provided for herein have been examined by the Attorney General and Reporter of the State of Tennessee and are approved as to legality pursuant to the provisions of the Administrative Procedures Act, Tennessee Code Annotated, Title 4, Chapter 5.

Herbert H. Slatery III
Attorney General and Reporter

Date

Department of State Use Only

Filed with the Department of State on: _____

Effective on: _____

Tre Hargett
Secretary of State

Regulatory Flexibility Addendum

Pursuant to T.C.A. §§ 4-5-401 through 4-5-404, prior to initiating the rule making process as described in T.C.A. § 4-5-202(a)(3) and T.C.A. § 4-5-202(a), all agencies shall conduct a review of whether a proposed rule or rule affects small businesses.

(If applicable, insert Regulatory Flexibility Addendum here)

1. The type or types of small business and an identification and estimate of the number of small businesses subject to the proposed rule that would bear the cost of, or directly benefit from the proposed rule:

The proposed amendment to the rule would affect applicants seeking admission by examination. Currently, there are approximately 4,300 licensed CPA and PA firms, 14,800 licensed CPAs (including active and inactive) in Tennessee. The majority of CPA and PA firms are small businesses. Licensees and applicants will benefit from the rule because it clarifies the eligibility requirements to sit for examination pending completion of educational requirements.

2. The projected reporting, recordkeeping and other administrative costs required for compliance with the proposed rule, including the type of professional skills necessary for preparation of the report or record:

This amendment sets the minimum hours of accounting education required to sit for the examination and allows applications for examination to be processed before the applicant obtains the necessary educational requirements, provided the applicant successfully completes the degree on or before the examination. Therefore, the amendment accelerates the application process without imposing any additional cost or reducing educational requirements.

3. A statement of the probable effect on impacted small businesses and consumers:

Small businesses, which make up the vast majority of CPA and PA firms in Tennessee, will benefit from the accelerated application process for the examination. The amendment allows students to apply to sit for the examination pending the completion of their degrees, provided they satisfy the educational requirements on or before they sit for examination. Consumers will also benefit from the influx of newly licensed CPAs as they are presumably more affordable than their more experienced colleagues.

4. A description of any less burdensome, less intrusive or less costly alternative methods of achieving the purpose and objectives of the proposed rule that may exist, and to what extent the alternative means might be less burdensome to small business:

The proposed amendments are not burdensome or intrusive to small businesses. There is no known alternative method that is less burdensome or intrusive.

5. A comparison of the proposed rule with any federal or state counterparts:

There are no known federal counterparts to the issues addressed by these rules. Other states have rules setting out the qualifications and procedures for a CPA applicant to take an examination. For instance, Alabama Rule 30-X-4-.02(b) requires that applicants have completed a degree from a four-year college or university. Similarly, Georgia Rule 20-3-.02(1) requires that applicants have "30 quarter hours or 20 semester hours in accounting subjects above the elementary level at a four-year accredited college or university which offers a baccalaureate degree" and that they have completed the requirements for a baccalaureate prior to sitting for examination.

6. Analysis of the effect of the possible exemption of small businesses from all or any part of the requirements contained in the proposed rule:

These amendments do not create any additional requirements on small businesses.

Impact on Local Governments

Pursuant to T.C.A. §§ 4-5-220 and 4-5-228 "any rule proposed to be promulgated shall state in a simple declarative sentence, without additional comments on the merits of the policy of the rules or regulation, whether the rule or regulation may have a projected impact on local governments." (See Public Chapter Number 1070 (<http://state.tn.us/sos/acts/106/pub/pc1070.pdf>) of the 2010 Session of the General Assembly)

(Insert statement here)

These proposed rules are not anticipated to have any impact on local governments.

Additional Information Required by Joint Government Operations Committee

All agencies, upon filing a rule, must also submit the following pursuant to T.C.A. § 4-5-226(i)(1).

- (A)** A brief summary of the rule and a description of all relevant changes in previous regulations effectuated by such rule;

The proposed amendments to the rule clarify what an "accounting concentration" is for admittance to sit for the examinations and for licensure. The amendments also increase the clarity and conformity of the rule with the relevant statutes and rules.

- (B)** A citation to and brief description of any federal law or regulation or any state law or regulation mandating promulgation of such rule or establishing guidelines relevant thereto;

There are no federal laws or regulations mandating such a rule. T.C.A. § 62-1-105(e) gives the board the power to adopt rules in order to enforce the provisions of the Tennessee Accountancy Act of 1998.

- (C)** Identification of persons, organizations, corporations or governmental entities most directly affected by this rule, and whether those persons, organizations, corporations or governmental entities urge adoption or rejection of this rule;

Applicants for the CPA examination are most directly affected by this rule.

- (D)** Identification of any opinions of the attorney general and reporter or any judicial ruling that directly relates to the rule;

There are no known AG opinions or judicial rulings which directly relate to this rule.

- (E)** An estimate of the probable increase or decrease in state and local government revenues and expenditures, if any, resulting from the promulgation of this rule, and assumptions and reasoning upon which the estimate is based. An agency shall not state that the fiscal impact is minimal if the fiscal impact is more than two percent (2%) of the agency's annual budget or five hundred thousand dollars (\$500,000), whichever is less;

There is no indication that there will be any increase or decrease in state and local government revenues and expenditures as a result of the promulgation of this rule. If there is any increase or decrease, such change will be less than two percent (2%) of the agency's annual budget.

- (F)** Identification of the appropriate agency representative or representatives, possessing substantial knowledge and understanding of the rule;

Wendy Garvin and Benjamin Glover of the TN State Board of Accountancy from the TN Dept. of Commerce and Insurance.

- (G)** Identification of the appropriate agency representative or representatives who will explain the rule at a scheduled meeting of the committees;

Wendy Garvin and Benjamin Glover of the TN State Board of Accountancy from the TN Dept. of Commerce and Insurance.

- (H)** Office address, telephone number, and email address of the agency representative or representatives who will explain the rule at a scheduled meeting of the committees; and

Wendy Garvin
Acting Executive Director
500 James Robertson Parkway
Nashville, TN 37243
615-532-7397
wendy.garvin@tn.gov

Benjamin Glover
Assistant General Counsel
500 James Robertson Parkway
Nashville, TN 37243
615-770-0085
benjamin.glover@tn.gov

(I) Any additional information relevant to the rule proposed for continuation that the committee requests.

There is no additional information relevant to the rule requested.