

**Department of State
Division of Publications**

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For Department of State Use Only

Sequence Number: 12-06-13
Rule ID(s): 5612-5614
File Date: 12/11/13
Effective Date: 3/11/14

Rulemaking Hearing Rule(s) Filing Form

Rulemaking Hearing Rules are rules filed after and as a result of a rulemaking hearing. T.C.A. § 4-5-205

Agency/Board/Commission:	Tennessee State Board of Accountancy
Division:	Division of Regulatory Boards, Department of Commerce and Insurance
Contact Person:	Chris Whittaker
Address:	500 James Robertson Parkway, Nashville, TN
Zip:	37243
Phone:	(615) 741-3072
Email:	Chris.Whittaker@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
0020-01	Licensing and Registration Requirements
Rule Number	Rule Title
0020-01-.04	Fees
0020-01-.05	Applications
0020-01-.06	Examinations

Chapter Number	Chapter Title
0020-04	Disciplinary Action and Civil Penalties
Rule Number	Rule Title
0020-04-.03	Grounds for Discipline Against Licensees

Chapter Number	Chapter Title
0020-05	Continuing Education
Rule Number	Rule Title
0020-05-.03	Basic Requirements

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

Amendments

Rule 0020-01-.04(1) Fees is amended by amending subparagraph (c) to read as follows:

- (c) Renewal of certificate or registration One hundred ten dollars (\$110.00) biennially

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

Rule 0020-01-.05 Applications is amended by amending paragraph (3) to read as follows:

- (3) A candidate who fails to appear for the examination shall forfeit all fees charged for both the application and the examination. All applications for initial licensure shall expire one (1) year from the date of the application for initial licensure.

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

Rule 0020-01-.06 Examinations is amended by adding a new paragraph (11) to read as follows:

- (11) All CPA Exam scores shall expire ten (10) years after the first passing score is earned. However, upon written request by the applicant, the Board may, in its sole discretion, grant an extension of the score expiration date for good cause shown.

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

Chapter 0020-04
Board of Accountancy, Disciplinary Action and Civil Penalties

Amendments

Rule 0020-04-.03 Grounds for Disciplinary Action Against Licensees is amended by adding a new paragraph (3) to read as follows:

- (3) The Board has no jurisdiction over fee disputes between a licensee and a client. The Board shall not seek to impose discipline against a licensee solely on the basis of a dispute between the licensee and the client regarding payment of fees by the client for professional services rendered by the licensee.

Authority: T.C.A. §§ 62-1-105, 62-1-111, 62-1-113, and 62-1-117.

Chapter 0020-05
Board of Accountancy, Continuing Education

Amendments

Rule 0020-05-.03(3) Basic Requirements is amended by amending subparagraphs (a) and (b) and by adding new subparagraphs (c), (d), (e), and (f) to read as follows:

- (a) For purposes of disciplinary action, the board shall retain jurisdiction over all certificate holders whose license is in inactive status.
- (b) Certificate holders who are granted inactive status by the board shall be required to place the word "inactive" adjacent to their CPA or PA designation when using such designation for any lawful purpose, including, but not limited to use of such designation on any business card,

letterhead, resume, or biography.

- (c) A certificate holder who has been granted inactive status may not for compensation perform or offer to perform for the public, including the providing of any accounting service from a licensed accounting firm, any of the following services: any accounting or auditing service which involves the issuance of reports on financial statements (including opinions, reviews, compilations, or attest engagements), any consulting engagement which would constitute the attest function, or furnishing advice on tax matters.
- (d) A certificate holder who has been granted inactive status may perform the services set forth in (c) above if:
 - (1) the services are provided without compensation to the certificate holder;
 - (2) the services are performed solely for the certificate holder's employer and such employer is not a licensed accounting firm; or,
 - (3) the certificate holder does not use the CPA or PA designation in association with his or her name while providing such lawful services.
- (e) A certificate holder who is 65 years old or older and possesses a certificate in inactive status shall not be required to pay the biennial license renewal fee required for licensees as set forth in these rules.
- (f) Certificate holders who are granted inactive status must complete eighty (80) hours of CPE in the areas of accounting, accounting ethics, attest, taxation, or management advisory services during the twenty-four (24) month period preceding the date of their request for reactivation of their license. The CPE hours required to reactivate a license may also be used as credit toward the renewal requirement so long as those hours are completed within the two (2) year window prior to the licensee's next December 31 renewal date.

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

Rule 0020-05-.03 Basic Requirements is amended by amending paragraph (6) to read as follows:

- (6) An applicant for renewal whose license has expired as set forth in Rule 0020-01-.08(7) shall complete no less than eighty (80) hours of CPE in the areas of accounting, accounting ethics, attest, taxation, or management advisory services during the six (6) month period preceding the date of reapplication. The CPE hours required to reinstate an expired license are considered penalty hours and may not be used to offset the CPE hours required for renewal of a license.

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

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

Board Member	Aye	No	Abstain	Absent	Signature (if required)
Trey Watkins	X				
Casey Stuart	X				
Bill Blaufuss	X				
Vic Alexander	X				
Troy Brewer	X				
Jennifer Brundige	X				
Stephen Eldridge	X				
Henry Hoss	X				
Gabe Roberts	X				
Don Royston	X				
Stan Sawyer				X	

I certify that this is an accurate and complete copy of rulemaking hearing rules, lawfully promulgated and adopted by the Tennessee State Board of Accountancy on 07/19/2013, and is in compliance with the provisions of T.C.A. § 4-5-222.

I further certify the following:

Notice of Rulemaking Hearing filed with the Department of State on: 05/23/13

Rulemaking Hearing(s) Conducted on: (add more dates). 07/19/13

Date: 08/15/2013

Signature: *Christopher R. Whittaker*

Name of Officer: Christopher R. Whittaker, Esq.

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

Subscribed and sworn to before me on: 8-15-13

Notary Public Signature: *Patricia A. Turner*

My commission expires on: 5-15-15



All rulemaking hearing 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.

REC Cooper Jr

Robert E. Cooper, Jr.
Attorney General and Reporter

11-4-13

Date

Department of State Use Only

Filed with the Department of State on: *12/11/13*

Effective on: *3/11/14*

Tre Hargett

Tre Hargett
Secretary of State

RECEIVED
2013 DEC 11 PM 3:50
OFFICE OF
SECRETARY OF STATE

Public Hearing Comments

One copy of a document containing responses to comments made at the public hearing must accompany the filing pursuant to T.C.A. § 4-5-222. Agencies shall include only their responses to public hearing comments, which can be summarized. No letters of inquiry from parties questioning the rule will be accepted. When no comments are received at the public hearing, the agency need only draft a memorandum stating such and include it with the Rulemaking Hearing Rule filing. Minutes of the meeting will not be accepted. Transcripts are not acceptable.

There were no public comments submitted in writing or presented orally at the rulemaking hearing.

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.

Regulatory Flexibility Analysis - Methods of Reducing Impact of Rules on Small Businesses:

1. Overlap, duplicate, or conflict with other federal, state, and local governmental rules:

There will be no overlap, duplication, or conflict with other federal, state or local governmental rules.

2. Clarity, conciseness, and lack of ambiguity in the rule or rule:

The rules are clear in purpose and intended execution. The implementation of the proposed rule change will increase clarity and conciseness and decrease ambiguity in the rules as a whole.

3. Flexible compliance and/or reporting requirements for small businesses:

The proposed rule change has no impact on small businesses, so there are no issues regarding compliance and reporting requirements.

4. Friendly schedules or deadlines for compliance and/or reporting requirements:

The proposed rule change has no impact on small businesses, so there are no issues regarding compliance and reporting requirements.

5. Consolidation or simplification of compliance or reporting requirements:

There are no new compliance and reporting requirements as a result of this amendment.

6. Performances standards for small businesses:

There are no performance standards for small businesses as a result of this amendment.

7. Barriers or other effects that stifle entrepreneurial activity, curb innovation, or increase costs:

The Board has determined that these amendments do not place an undue burden on individuals. If anything, the proposed reduction in the licensing fee for individual CPAs should make it easier for CPAs to practice in Tennessee.

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)

The proposed rule changes are not projected 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;

- 1.) Rule 0020-1-4(1)(c): The proposed amendment to this rule would reduce the biennial renewal fee for individual CPAs by \$ 5.00 per year (which is \$ 10.00 per two year renewal period), resulting in biennial license renewal fee of \$ 110.00 (reduced from the current \$ 120.00 fee) for individual CPAs. The fiscal impact of this proposed fee reduction is minimal.
- 2.) Rule 0020-1-5(3): The proposed amendment to this rule would allow initial applications for licensure as a CPA to remain valid for one (1) year from the date of application for initial licensure as a CPA.
- 3.) Rule 0020-1-6(11): The proposed amendment to this rule would allow CPA exam scores to be valid for ten (10) years from the date the first passing score on any section of the CPA exam is attained by an applicant. The amendment would authorize the Board to waive this requirement for good cause shown by the applicant.
- 4.) Rule 0020-4-3(3): The proposed amendment to this rule would clarify that the Board has no jurisdiction over fee disputes between a client and a licensee. However, the Board may move forward with a complaint which mentions a fee dispute if other potential violation(s) of the law and rules are alleged.
- 5.) Rule 0020-5-3(3)(a)-(f): The proposed amendment to this rule would set forth the scope of services that may be performed by a licensee whose CPA license is in "inactive" status. The current rules regarding "inactive" license status provide insufficient guidance and clarity to inactive licensees and to the public, and the proposed amendment would rectify these shortcomings. Additionally, the proposed amendment would provide that a licensee who is 65 years old or older whose license is in inactive status shall not be required to pay the biennial renewal fee required of active licensees. The fiscal impact of the proposal to exempt inactive licenses who are 65 years old or older from the biennial license renewal fee is minimal.
- 6.) Rule 0020-5-3(6): The proposed amendment to this rule replaces all instances of the word "lapsed" with the word "expired". This change is required to ensure uniformity and consistency in the rules because the Board previously voted to add a definition for "expired license" to the rules (Rule 0020-1-.01(h)). All instances of the word "lapsed" were replaced with the word "expired" in Rule 0020-1-.08(7), and as such, all instances of the word "lapsed" in Rule 0020-5-.03(6) must also be replaced with the word "expired".

- (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;

The proposed rule changes are not mandated by any statute or rule at either the federal or state level.

- (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;

The proposed amendments to the Tennessee State Board of Accountancy rules will affect applicants seeking a CPA license from the Board and individual licensees currently practicing as CPAs.

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

I am unaware of any opinion of the attorney general or any judicial ruling which directly relates to these rules.

- (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;

The proposed changes to Rule 0020-1-.4(1)(c) and to Rule 0020-5-.3(3)(b) will result in a revenue decrease for the agency. However, the expected revenue decrease will be minimal because the expected revenue decrease is not more than 2% of the agency's annual budget and is not more than \$ 500,000.00.

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

Mark Crocker, Executive Director for the Tennessee State Board of Accountancy; Chris Whittaker, Assistant General Counsel for the Tennessee State Board of Accountancy.

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

Chris Whittaker, Assistant General Counsel for the Tennessee State Board of Accountancy

- (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

500 James Robertson Pkwy., Nashville, TN 37243; (615) 741-3072; chris.whittaker@tn.gov

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

N/A

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

Rulemaking Hearing Rule(s) Filing Form

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Agency/Board/Commission:	Tennessee State Board of Accountancy
Division:	Division of Regulatory Boards, Department of Commerce and Insurance
Contact Person:	Chris Whittaker
Address:	500 James Robertson Parkway; Nashville, TN
Zip:	37243
Phone:	(615) 741-3072
Email:	Chris.Whittaker@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
0020-01	Licensing and Registration Requirements
Rule Number	Rule Title
0020-01-.04	Fees
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0020-01-.06	Examinations

Chapter Number	Chapter Title
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Rule Number	Rule Title
0020-04-.03	Grounds for Discipline Against Licensees

Chapter Number	Chapter Title
0020-05	Continuing Education
Rule Number	Rule Title
0020-05-.03	Basic Requirements

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

Amendments

Rule 0020-01-.04(1) Fees is amended by amending subparagraph (c) to read as follows:

~~(c) Renewal of certificate or registration (\$120.00) biennially
Sixty dollars (\$60.00) per year or
one hundred twenty dollars~~

(c) Renewal of certificate or registration One hundred ten dollars (\$110.00) biennially

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

Rule 0020-01-.05 Applications is amended by amending paragraph (3) to read as follows:

(3) A candidate who fails to appear for the examination shall forfeit all fees charged for both the application and the examination. All applications for initial licensure shall expire one (1) year from the date of the application for initial licensure.

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

Rule 0020-01-.06 Examinations is amended by adding a new paragraph (11) to read as follows:

(11) All CPA Exam scores shall expire ten (10) years after the first passing score is earned. However, upon written request by the applicant, the Board may, in its sole discretion, grant an extension of the score expiration date for good cause shown.

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

Chapter 0020-04
Board of Accountancy, Disciplinary Action and Civil Penalties

Amendments

Rule 0020-04-.03 Grounds for Disciplinary Action Against Licensees is amended by adding a new paragraph (3) to read as follows:

(3) The Board has no jurisdiction over fee disputes between a licensee and a client. The Board shall not seek to impose discipline against a licensee solely on the basis of a dispute between the licensee and the client regarding payment of fees by the client for professional services rendered by the licensee.

Authority: T.C.A. §§ 62-1-105, 62-1-111, 62-1-113, and 62-1-117.

Chapter 0020-05
Board of Accountancy, Continuing Education

Amendments

Rule 0020-05-.03(3) Basic Requirements is amended by amending subparagraphs (a) and (b) and by adding new subparagraphs (c), (d), (e), and (f) to read as follows:

~~(a) Licensees granted such an exemption must place the word "inactive" adjacent to their CPA title or PA title when used in any written form with the exception of their certificate or registration;~~

- (a) For purposes of disciplinary action, the board shall retain jurisdiction over all certificate holders whose license is in inactive status.
- (b) Individuals exempt under this paragraph must complete eighty (80) hours of CPE in the areas of accounting, accounting ethics, attest, taxation, or management advisory services, during the twenty-four (24) month period preceding the date of their request for the reactivation of their license. The CPE hours required to reactivate a license may also be used as credit toward the renewal requirement so long as those hours are completed within the two (2) year window prior to the licensee's next December 31 renewal date.
- (b) Certificate holders who are granted inactive status by the board shall be required to place the word "inactive" adjacent to their CPA or PA designation when using such designation for any lawful purpose, including, but not limited to use of such designation on any business card, letterhead, resume, or biography.
- (c) A certificate holder who has been granted inactive status may not for compensation perform or offer to perform for the public, including the providing of any accounting service from a licensed accounting firm, any of the following services: any accounting or auditing service which involves the issuance of reports on financial statements (including opinions, reviews, compilations, or attest engagements), any consulting engagement which would constitute the attest function, or furnishing advice on tax matters.
- (d) A certificate holder who has been granted inactive status may perform the services set forth in (c) above if:
- (1) the services are provided without compensation to the certificate holder;
 - (2) the services are performed solely for the certificate holder's employer and such employer is not a licensed accounting firm; or,
 - (3) the certificate holder does not use the CPA or PA designation in association with his or her name while providing such lawful services.
- (e) A certificate holder who is 65 years old or older and possesses a certificate in inactive status shall not be required to pay the biennial license renewal fee required for licensees as set forth in these rules.
- (f) Certificate holders who are granted inactive status must complete eighty (80) hours of CPE in the areas of accounting, accounting ethics, attest, taxation, or management advisory services during the twenty-four (24) month period preceding the date of their request for reactivation of their license. The CPE hours required to reactivate a license may also be used as credit toward the renewal requirement so long as those hours are completed within the two (2) year window prior to the licensee's next December 31 renewal date.

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

Rule 0020-05-.03 Basic Requirements is amended by amending paragraph (6) to read as follows:

- (6) An applicant for renewal whose license has lapsed ~~expired~~ as set forth in Rule ~~0020-01-.08(8)~~ Rule 0020-01-.08(7) shall complete no less than eighty (80) hours of CPE in the areas of accounting, accounting ethics, attest, taxation, or management advisory services, during the six (6) month period preceding the date of reapplication. The CPE hours required to reinstate a lapsed ~~an expired~~ license are considered penalty hours and may not be used to offset the CPE hours required for renewal of a license.

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

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

Board Member	Aye	No	Abstain	Absent	Signature (if required)
Trey Watkins	X				
Casey Stuart	X				
Bill Blaufuss	X				
Vic Alexander	X				
Troy Brewer	X				
Jennifer Brundige	X				
Stephen Eldridge	X				
Henry Hoss	X				
Gabe Roberts	X				
Don Royston	X				
Stan Sawyer				X	

I certify that this is an accurate and complete copy of rulemaking hearing rules, lawfully promulgated and adopted by the Tennessee State Board of Accountancy on 07/19/2013, and is in compliance with the provisions of T.C.A. § 4-5-222.

I further certify the following:

Notice of Rulemaking Hearing filed with the Department of State on: 05/23/13

Rulemaking Hearing(s) Conducted on: (add more dates). 07/19/13

Date: _____

Signature: _____

Name of Officer: _____

Title of Officer: _____

Subscribed and sworn to before me on: _____

Notary Public Signature: _____

My commission expires on: _____

All rulemaking hearing 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.

Robert E. Cooper, Jr.
Attorney General and Reporter

Date

Department of State Use Only

Filed with the Department of State on: _____

Effective on: _____

Tre Hargett
Secretary of State

Public Hearing Comments

One copy of a document containing responses to comments made at the public hearing must accompany the filing pursuant to T.C.A. § 4-5-222. Agencies shall include only their responses to public hearing comments, which can be summarized. No letters of inquiry from parties questioning the rule will be accepted. When no comments are received at the public hearing, the agency need only draft a memorandum stating such and include it with the Rulemaking Hearing Rule filing. Minutes of the meeting will not be accepted. Transcripts are not acceptable.

There were no public comments submitted in writing or presented orally at the rulemaking hearing.

Regulatory Flexibility Addendum

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Regulatory Flexibility Analysis - Methods of Reducing Impact of Rules on Small Businesses:

1. Overlap, duplicate, or conflict with other federal, state, and local governmental rules:

There will be no overlap, duplication, or conflict with other federal, state or local governmental rules.

2. Clarity, conciseness, and lack of ambiguity in the rule or rule:

The rules are clear in purpose and intended execution. The implementation of the proposed rule change will increase clarity and conciseness and decrease ambiguity in the rules as a whole.

3. Flexible compliance and/or reporting requirements for small businesses:

The proposed rule change has no impact on small businesses, so there are no issues regarding compliance and reporting requirements.

4. Friendly schedules or deadlines for compliance and/or reporting requirements:

The proposed rule change has no impact on small businesses, so there are no issues regarding compliance and reporting requirements.

5. Consolidation or simplification of compliance or reporting requirements:

There are no new compliance and reporting requirements as a result of this amendment.

6. Performances standards for small businesses:

There are no performance standards for small businesses as a result of this amendment.

7. Barriers or other effects that stifle entrepreneurial activity, curb innovation, or increase costs:

The Board has determined that these amendments do not place an undue burden on individuals. If anything, the proposed reduction in the licensing fee for individual CPAs should make it easier for CPAs to practice in Tennessee.

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)

The proposed rule changes are not projected 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;

- 1.) Rule 0020-1-4(1)(c): The proposed amendment to this rule would reduce the biennial renewal fee for individual CPAs by \$ 5.00 per year (which is \$ 10.00 per two year renewal period), resulting in biennial license renewal fee of \$ 110.00 (reduced from the current \$ 120.00 fee) for individual CPAs. The fiscal impact of this proposed fee reduction is minimal.
- 2.) Rule 0020-1-5(3): The proposed amendment to this rule would allow initial applications for licensure as a CPA to remain valid for one (1) year from the date of application for initial licensure as a CPA.
- 3.) Rule 0020-1-6(11): The proposed amendment to this rule would allow CPA exam scores to be valid for ten (10) years from the date the first passing score on any section of the CPA exam is attained by an applicant. The amendment would authorize the Board to waive this requirement for good cause shown by the applicant.
- 4.) Rule 0020-4-3(3): The proposed amendment to this rule would clarify that the Board has no jurisdiction over fee disputes between a client and a licensee. However, the Board may move forward with a complaint which mentions a fee dispute if other potential violation(s) of the law and rules are alleged.
- 5.) Rule 0020-5-3(3)(a)-(f): The proposed amendment to this rule would set forth the scope of services that may be performed by a licensee whose CPA license is in "inactive" status. The current rules regarding "inactive" license status provide insufficient guidance and clarity to inactive licensees and to the public, and the proposed amendment would rectify these shortcomings. Additionally, the proposed amendment would provide that a licensee who is 65 years old or older whose license is in inactive status shall not be required to pay the biennial renewal fee required of active licensees. The fiscal impact of the proposal to exempt inactive licenses who are 65 years old or older from the biennial license renewal fee is minimal.
- 6.) Rule 0020-5-3(6): The proposed amendment to this rule replaces all instances of the word "lapsed" with the word "expired". This change is required to ensure uniformity and consistency in the rules because the Board previously voted to add a definition for "expired license" to the rules (Rule 0020-1-.01(h)). All instances of the word "lapsed" were replaced with the word "expired" in Rule 0020-1-.08(7), and as such, all instances of the word "lapsed" in Rule 0020-5-.03(6) must also be replaced with the word "expired".

- (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;

The proposed rule changes are not mandated by any statute or rule at either the federal or state level.

- (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;

The proposed amendments to the Tennessee State Board of Accountancy rules will affect applicants seeking a CPA license from the Board and individual licensees currently practicing as CPAs.

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

I am unaware of any opinion of the attorney general or any judicial ruling which directly relates to these rules.

- (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;

The proposed changes to Rule 0020-1-4(1)(c) and to Rule 0020-5-3(3)(b) will result in a revenue decrease for the agency. However, the expected revenue decrease will be minimal because the expected revenue decrease is not more than 2% of the agency's annual budget and is not more than \$ 500,000.00.

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

Mark Crocker, Executive Director for the Tennessee State Board of Accountancy; Chris Whittaker, Assistant General Counsel for the Tennessee State Board of Accountancy.

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

Chris Whittaker, Assistant General Counsel for the Tennessee State Board of Accountancy

- (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

500 James Robertson Pkwy., Nashville, TN 37243; (615) 741-3072; chris.whittaker@tn.gov

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

N/A