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# HOWARD MARKLEIN

STATE SENATOR • 17<sup>TH</sup> SENATE DISTRICT

February 3, 2016

## **TESTIMONY ON SENATE BILL 532**

Thank you Chairman Swearingen and the rest of the Assembly Committee on State Affairs and Government Operations for the opportunity to testify on Assembly Bill 725. Representative Kooyenga and I have introduced Assembly Bill 725 and its senate companion to update the existing code that regulates the accountancy profession in Wisconsin. There are three major components to this bill.

The first component would address code updates and technical changes. In the past 18 months, the Wisconsin Accounting Examining Board (AEB) has worked closely with the Department of Safety and Professional Services (DSPS) on updating the Wisconsin Administrative Code as it pertains to the accounting profession. Many of these updates are technical changes that would remove outdated references, re-organize the code into a more user friendly format, reflect recent statutory changes, and changes that would make the code more closely align with the Uniform Accountancy Act.

The second component would address some ambiguity regarding recent changes that the State Legislature made to the requirements to sit for the accounting exam in Wisconsin. This component merely clarifies the higher education courses that an individual would need to take in order to sit for the exam.

The third component would allow the AEB to study the possibility of requiring continuing education requirements for CPAs in Wisconsin. Wisconsin is the only state in the country that does not require some kind of continuing education requirement for accountants. The AEB would then report its findings to the State Legislature.

Representative Kooyenga and I believe that the updates made in our bill would address a lot of the outdated references in accountancy and clarify some ambiguity in recent changes that have been made to the regulation of the profession.

I would like to thank Representative Kooyenga and the Wisconsin Institute of CPAs for their help on making these common sense updates to Wisconsin accountancy code. I would be happy to take questions from the committee at this time.



# DALE KOOYENGA

STATE REPRESENTATIVE • 14<sup>th</sup> ASSEMBLY DISTRICT

(608) 266-9180  
FAX: (608) 282-3614  
Toll-Free: (888) 534-0014  
Rep.Kooyenga@legis.wi.gov

P.O. Box 8952  
Madison, WI 53708-8952

February 3, 2016

TO: Members of Assembly Committee on State Affairs and Government Operations

FR: Representative Dale Kooyenga

RE: AB 725 – CPA technical update bill

Thank you for holding a public hearing on this bill. Senator Marklein and I have authored Assembly Bill 725 and its companion, Senate Bill 532, to update existing administrative code regulating the profession of accountants.

The changes proposed in AB 725 would update the statutes related to the regulation of CPAs and eliminate the ambiguity that currently exists. While these bills are technical, there are three main types of changes:

- Removal of outdated references; re-organization of the code to make it more user friendly; and to align more closely with the Uniform Accountancy Act;
- To reflect recent statutory changes related to the types of required college classes that one must complete in order to be eligible for the CPA exam; and
- Require the Accounting Examining Board to study the feasibility of establishing continuing education requirements for licensed CPAs and report recommendations to the Legislature.

Thank you to Senator Marklein, the Wisconsin Institute of CPAs, and the Accounting Examining Board for their hard work in pulling together these common sense changes.



## **Testimony before the Assembly Committee on State Affairs and Government Operations**

**Dennis Tomorsky, CPA, JD, CGMA**

**WICPA President and CEO**

**February 10, 2016**

Good afternoon Chairman Swearingen and members of the Committee on State Affairs and Government Operations. Thank you for this opportunity to testify this afternoon to express support on behalf of the Wisconsin Institute of CPAs for Assembly Bill 725 and its provisions to update Wisconsin Administrative Code provisions regarding the Accounting Examining Board.

My name is Dennis Tomorsky. I am a resident of New Berlin, Wisconsin and am licensed in Wisconsin as both a CPA and an attorney. I am the President and CEO of the Wisconsin Institute of CPAs, representing the interests of the 11,000 CPAs who are licensed and reside in Wisconsin. Before taking the position of chief staff executive of the WICPA in 2006, I practiced law for 25 years as an employee benefits attorney, including serving as a shareholder of two large Wisconsin law firms. Prior to entering the practice of law in 1981, I practiced as a CPA with two of the Big-4 international CPA firms, Deloitte and PWC.

The purpose of my testimony is to share information regarding provisions of the Wisconsin Administrative Code relating to the Accounting Examining Board that I believe would be appropriate to update as provided in AB 725 in order to reflect changes in the accounting profession and the current nationally recognized standards governing the practice of accounting.

### **AB 725 Updates Outdated References to Professional Standards That Have Been Updated by Organizations Widely Recognized by the CPA Profession as Having National Standard Setting Authority**

While Certified Public Accountants are licensed by individual states and territories, the practice of accounting in the United States is subject to many standards of professional practice that are promulgated by non-governmental organizations such as the American Institute of Certified Public

Accountants (AICPA), the Financial Accounting Standards Board (FASB), the Governmental Accounting Standards Board (GASB) and others.

The users of financial statements in the United States and globally rely on these widely recognized and uniform standards of professional conduct and reporting for CPAs everywhere who attest to the fair representation of financial information reported organizations. These professional standards are updated regularly by the professional organizations that have the highest level of expertise and understanding of the standards as well as the practical implications that changes in the economic, financial, and technological environments have on the reporting of financial information.

The regulations of the U.S. states and territories that license CPAs often incorporate provisions of these uniform professional standards by reproducing them verbatim in state rules and regulations, or incorporate them by reference to the sources of authority that continuously update these standards.

There are several provisions of the Wisconsin Administrative Code relating to the Accounting Examining Board that oversees the regulation of Certified Public Accountants licensed in Wisconsin that include language that has been updated by professional standard setters since the standards were originally incorporated into the Wisconsin Administrative Code and last updated.

#### **AB 725 Aligns Wisconsin Regulation Language and Structure More Closely with Other States**

The refinement of Wisconsin Administrative Code provisions in AB 725 to align more closely with model rules published by the National Association of State Boards of Accountancy (NASBA) would provide greater consistency for CPAs licensed in Wisconsin and other states who routinely serve clients in multiple jurisdictions. AB 725 rearranges Administrative Code provisions into topical areas that are easier to follow and are similar in organization to regulations of other jurisdictions, making it much easier for CPAs and others to find information and understand the provisions.

#### **AB 725 Reinstates and Clarifies the Authority of the Accounting Examining Board to Establish CPA Exam Education Requirements, and Specifies Such Requirements to Guide CPA Candidates**

The bill also reinstates the authority of the Accounting Examining Board to specify educational requirements to take the CPA exam, and specifies CPA exam education course requirements in order to immediately help CPA candidates and educators navigate the CPA exam education requirements which



have been confusing since the 2013 statutory changes that reduced CPA college education requirements from 150 to 120 credit hours and eliminated the college degree requirement for the CPA exam.

**AB 725 Directs Research Relating to the Possible Establishment of Continuing Professional Education Requirements to Renew a Wisconsin CPA License**

Another important provision of AB 725 directs the Accounting Examining Board to research the feasibility of rules establishing continuing education requirements for renewal of a Wisconsin CPA license, and to prepare and submit to the legislature a report describing its findings and recommendations by December 31, 2016. Wisconsin is currently the only one of 55 U.S. CPA licensing jurisdictions that has no continuing education requirement for CPA license renewal, even though continuing education is required to renew the Wisconsin licenses of more than 30 other occupations, including manicurists, barbers, interior designers and landscapers.

**Conclusion**

In order for Wisconsin CPAs to comply with the uniform professional CPA standards without violating provisions of the Wisconsin Administrative Code, and for CPA candidates to navigate CPA exam education requirements, the WICPA supports the amendment and restatement of the Administrative Code provisions as provided in AB 725. In order to provide consistency with respect to CPA continuing education requirements with other states, and with other Wisconsin licensees, the WICPA also supports the research required by AB 725 regarding continuing education requirements for CPA license renewal. Since AB 725 merely updates and clarifies rules, and authorizes research relating to potential changes in licensing requirements, the WICPA supports separate consideration of any proposed amendments to the bill that would change licensing requirements or enforcement processes.

I would be pleased to answer any questions at this time or in the future. My contact information appears below:

Dennis F. Tomorsky, CPA, JD  
President and CEO  
WICPA  
W233N2080 Ridgeview Parkway, Suite 201  
Waukesha, WI 53188  
ph: 262-785-0445 x4519 | 800-772-6939  
fax: 262-785-0838  
[Dennis@WICPA.org](mailto:Dennis@WICPA.org)