

BILL ANALYSIS

C.S.H.B. 1764

By: Button

Licensing & Administrative Procedures
Committee Report (Substituted)

BACKGROUND AND PURPOSE

The bill author has informed the committee that each state sets its own policy for regulation of Certified Public Accountant (CPA) licensure, and that Texas law ensures that CPAs licensed in this state are highly qualified and able to properly perform the duties and responsibilities of a CPA. However, the bill author has also informed the committee that when CPAs licensed in other states seek to practice in Texas, their state of licensure may have different and potentially less stringent standards for CPAs than Texas. C.S.H.B. 1764 seeks to resolve this issue by strengthening and updating existing CPA mobility provisions in current law, allowing the Texas State Board of Public Accountancy to recognize the CPA licensure requirements of other states as being equal or greater than those of Texas, and allowing CPAs licensed in other states to practice in Texas without additional fees or licensing requirements.

CRIMINAL JUSTICE IMPACT

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

RULEMAKING AUTHORITY

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

C.S.H.B. 1764 amends the Occupations Code to revise the requirement for the Texas State Board of Public Accountancy (TSBPA) to issue a certificate to a person who holds a certificate or license issued by another state if the person meets certain conditions as follows:

- removes the condition that the person holds a certificate or license as a certified public accountant from a state that the National Association of State Boards of Accountancy's National Qualification Appraisal Service has verified as having education, examination, and experience requirements for certification or licensure that are comparable to or exceed the requirements for licensure as a certified public accountant of The American Institute of Certified Public Accountants/National Association of State Boards of Accountancy Uniform Accountancy Act and the board determines that the licensure requirements of that act are comparable to or exceed Texas' licensure requirements; and
- removes the condition that the person obtains from the National Association of State Boards of Accountancy's National Qualification Appraisal Service verification that the individual's education, examination, and experience qualifications are comparable to or exceed the requirements for licensure as a certified public accountant of The American Institute of Certified Public Accountants/National Association of State Boards of Accountancy Uniform Accountancy Act and the board determines that the licensure requirements of that act are comparable to or exceed the licensure requirements of this chapter.

C.S.H.B. 1764 revises the requirements for an individual who holds an active certificate or license as a certified public accountant issued by another state and whose principal place of business is not in Texas to be able to exercise all the privileges of certificate and license holders of Texas without obtaining a certificate or license as a certified public accountant under Texas law as follows:

- removes the requirement that the National Association of State Boards of Accountancy's National Qualification Appraisal Service (NQAS) has verified that the other state has education, examination, and experience requirements for certification or licensure that are comparable to or exceed the requirements for licensure as a certified public accountant of The American Institute of Certified Public Accountants/National Association of State Boards of Accountancy Uniform Accountancy Act and the TSBPA determines that the act's license requirements are comparable to or exceed Texas' licensure requirements;
- removes the alternative requirement that the individual obtain from the NQAS verification that the individual's education, examination, and experience qualifications are comparable to or exceed the act's requirements for licensure as a certified public accountant and the TSBPA determines that the act's licensure requirements are comparable to or exceed Texas' license requirements; and
- requires instead that the individual meet the following criteria:
 - has passed the uniform CPA examination;
 - has completed a baccalaureate degree with at least 150 semester hours with a concentration in accounting or equivalent courses, a graduate degree with a concentration in accounting or equivalent courses, or a baccalaureate degree with a concentration in accounting or equivalent courses; and
 - at the time the individual's certificate or license was issued, had at least one year of work experience if licensed under an educational pathway comparable to such a graduate degree or such a baccalaureate degree with at least 150 semester hours or had at least two years of work experience if licensed under an educational pathway comparable to such a baccalaureate degree, regardless of the number of semester hours in that concentration.

C.S.H.B. 1764 authorizes TSBPA to prohibit an individual not licensed in Texas from exercising the privileges of certificate and license holders of Texas if TSBPA determines that the individual has not met the bill's requirements.

C.S.H.B. 1764 authorizes an individual who on December 31, 2024, held a certificate or license issued by another state and practiced under a privilege of certificate to exercise all the privileges of certificate and license holders of Texas without obtaining a certificate or license as a certified public accountant of Texas and subjects such an individual, to the extent that the individual exercises privileges, to Texas' licensure requirements.

EFFECTIVE DATE

On passage, or, if the bill does not receive the necessary vote, September 1, 2025.

COMPARISON OF INTRODUCED AND SUBSTITUTE

While C.S.H.B. 1764 may differ from the introduced in minor or nonsubstantive ways, the following summarizes the substantial differences between the introduced and committee substitute versions of the bill.

The substitute includes provisions that were not in the introduced that revise the requirement for the Texas State Board of Public Accountancy (TSBPA) to issue a certificate to a person who holds a certificate or license issued by another state if the person meets certain conditions as follows:

- removes the condition that the person holds a certificate or license as a certified public accountant from a state that the National Association of State Boards of Accountancy's National Qualification Appraisal Service has verified as having education, examination, and experience requirements for certification or licensure that are comparable to or exceed the requirements for licensure as a certified public accountant of The American Institute of Certified Public Accountants/National Association of State Boards of Accountancy Uniform Accountancy Act and the board determines that the licensure requirements of that Act are comparable to or exceed Texas' licensure requirements; and
- removes the condition that the person obtains from the National Association of State Boards of Accountancy's National Qualification Appraisal Service verification that the individual's education, examination, and experience qualifications are comparable to or exceed the requirements for licensure as a certified public accountant of The American Institute of Certified Public Accountants/National Association of State Boards of Accountancy Uniform Accountancy Act and the board determines that the licensure requirements of that Act are comparable to or exceed the licensure requirements of this chapter.

The introduced and substitute differ as follows in the way they revise the requirements for a certain individual to be able to exercise all the privileges of certificate and license holders of Texas without obtaining a certificate or license as a certified public accountant under Texas law:

- whereas the introduced revises the requirements for an individual who holds a certificate or license as a certified public accountant issued by another state, the substitute revises the requirements for an individual who holds an active certificate or license as a certified public accountant issued by another state;
- whereas the introduced replaces the requirement that the National Association of State Boards of Accountancy's National Qualification Appraisal Service (NQAS) has verified that the other state has education, examination, and experience requirements for certification or licensure that are comparable to or exceed the requirements for licensure as a certified public accountant of The American Institute of Certified Public Accountants/National Association of State Boards of Accountancy Uniform Accountancy Act and the Texas State Board of Public Accountancy (TSBPA) determines that the act's license requirements are comparable to or exceed Texas' licensure requirements with the requirement that the TSBPA determines that the licensure requirements in the other state are comparable to or exceed Texas' licensure requirements, the substitute removes the requirement entirely;
- whereas the introduced replaces the alternative requirement that the individual obtains from the NQAS verification that the individual's education, examination, and experience qualifications are comparable to or exceed the act's requirements for licensure as a certified public accountant and the TSBPA determines that the act's licensure requirements are comparable to or exceed Texas' license requirements with the requirement for the individual to meet certain criteria, the substitute removes the requirement entirely and includes as a separate requirement that the individual meet certain criteria; and
- the substitute does not include the introduced version's provision that includes among such criteria that the individual is certified or licensed in the other state and is in good standing in the other state.

The substitute does not include the introduced version's provision authorizing TSBPA, in making a determination that the licensure requirements in the other state are comparable to or exceed Texas' licensure requirements, to use the resources provided by the NQAS, if the NQAS has reviewed the education, examination, and experience requirements for certification or licensure in the other state and compared them to Texas' requirements for licensure as a certified public accountant.

Whereas the introduced establishes that an individual who is certified or licensed in another state as of January 1, 2025, maintains and exercises all the privileges of certificate and license holders

of Texas without obtaining a certificate or license as a certified public accountant of Texas and subjects such an individual to Texas' licensure requirements, the substitute authorizes an individual who on December 31, 2024, held a certificate or license issued by another state and practiced under a privilege of certificate to exercise all the privileges of certificate and license holders of Texas without obtaining a certificate or license as a certified public accountant of Texas and subjects such an individual, to the extent that the individual exercises privileges, to Texas' licensure requirements.

Whereas the introduced version takes effect September 1, 2025, the substitute takes effect immediately if it receives a vote of two-thirds of all the members elected to each house, as provided by Section 39, Article III, Texas Constitution, but if it does not receive the vote necessary for immediate effect, this substitute takes effect September 1, 2025.