



**Dave Heineman**  
Governor

**STATE OF NEBRASKA**  
**BOARD OF PUBLIC ACCOUNTANCY**  
P.O. Box 94725, Lincoln NE 68509  
(402) 471-3595 or (800) 564-6111  
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July 22, 2013

Honorable John A. Gale, Secretary of State  
Office of the Secretary of State  
P.O. Box 94608  
State Capitol  
Lincoln, NE 68509

Re: Proposed Amendments to Title 288/ Revised and Substituted Rules

Dear Mr. Gale,

Please find attached information relative to proposed amendments to the State Board of Public Accountancy's (Board) rules and regulations within NAC Title 288- Chapter 7. The Board, after careful consideration and review, has determined that amendments to Chapter 7 are necessary to address provisions related to the passage of LB 27 (103<sup>rd</sup> Nebraska Legislative Session) / amending the Public Accountancy Act (PAA) and allowing for additional experience requirements to obtain an active permit to practice as a CPA in Nebraska.

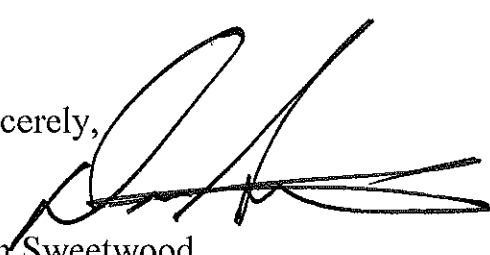
The Board has collaborated on the proposed rule changes by forming the Experience Work Group including leadership of the Nebraska Society of CPA's and others employed by private companies, universities, and government with accounting backgrounds. The collaboration also included active discussions by the Board's Legislative and Licensing Committees and the Board. Notice of the proposed changes were also included in the Society newsletter and published on the Board's website.

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The Board has scheduled a public hearing to receive comment on the proposed rules set for August 28<sup>th</sup>, 2013.

Please find attached information to assist you in the understanding and intent of the proposed amendments. If at any time you have any questions, do not hesitate to contact me at #1-3595 or at [Dan.Sweetwood@Nebraska.gov](mailto:Dan.Sweetwood@Nebraska.gov)

Sincerely,



Dan Sweetwood  
Executive Director

**Statement to the Governor and Explanatory Statement:**

**The Nebraska State Board of Public Accountancy will hold a public hearing at the Nebraska State Capitol, Room 1507 on August 28, 2013 at 10:00am to receive public comment relative to proposed rule changes within Board Rules & Regulations Title 288/ Chapter 7.**

**Information on the proposed amendments as required by law:**

**Description of the proposed rule or regulation amendment and the entities it will impact:**

**Rules Chapter 7 001 Comment:** Amend and include language to solidify all permit holders must meet the requirements of the Public Accountancy Act (PAA).

**Rules Chapter 7 001.01 Comment:** Include new language to clarify Board requirements to issue Active Permits to Practice as a CPA to those that submit experience other than from a CPA firm as outlined under PAA Section 1-136 (2) as amended by LB 27.

**Rules Chapter 7 001.01(A) Comment:** Include new language to assist the Board in making decisions regarding the “satisfactory to the Board” standard as outlined in the PAA and clarify the status of a CPA as a supervisor.

**Rules Chapter 7 001.01(B) Comment:** Include new language to clarify the type of experience required.

**Rules Chapter 7 001.01 (C) Comment:** Include new language to define the number of years of acceptable experience.

**Summary:** The amendments would impact prospective applicants to become CPAs in Nebraska by allowing business, additional government, and academia to apply towards the experience requirement, clarifying language included in LB 27 that amended the Nebraska Public Accountancy Act in 2013, and would assist the Board in determining the eligibility of those applicants.

**An explanation of the necessity of the proposed rule or regulation, including the identification of the authorizing statute or legislative bill:**

**Rule Chapter 7 001** *Necessity: The intent of the proposed rule change is to ensure the Board must ensure permit holder, registrant, and certificate applicants meet all the requirements within the PAA before issuance of the permit.*

**Rule Chapter 7 001.01(A)** *Necessity: The intent would be to give the Board authority to require a form to gather information to determine if the applicant's experience is "satisfactory to the Board", and clarify the supervisor must be a current licensed CPA while supervising the applicant. Other status such as Certificate Holder, InActive Registrant, or other registration status with a State Board would not apply.*

**Rule Chapter 7 001.01 (B)** *Necessity: The intent would be to relate the range of work experience allowed to apply as defined currently within the Board rules. For example a person hired to file and answer the telephone for a company would not be eligible.*

**Rule Chapter 7 001.01 (C)** *Necessity: The timing of experience gained was identified by the Board's Licensing Committee and caused concern. It would seem reasonable an applicant should complete Continuing Professional Education (CPE) to bring up to date their accounting skills when their experience is over 10 years old (based on the same standard for reinstatements as outlined within Chapter 8 0010).*

Authorizing Statutes within the Nebraska Public Accountancy Act (PAA) include:

**Legislative Bill:** PAA 1-136 (2): In 2013 an amendment to the Public Accountancy Act was submitted before the 103<sup>rd</sup> Legislature within LB 27.

**Background:** Representatives from the internal financial team at Conagra Foods Inc. approached the Board in the fall of 2011 and requested the Board consider amending the PAA to allow other forms of experience to apply for the issuance of an active permit to practice as a CPA including private company experience. Several reasons were outlined including requirements within the Uniform Accountancy Act and the majority of other state boards that allow other forms of experience. The Board developed the Experience Work Group (EWG) and appointed Board members, leadership of the Nebraska Society of CPAs, representatives from government, academia, and private company to research,

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discuss, and make recommendations to the Board. After several meetings, review of research, and discussion the EWG recommended the experience in Nebraska be amended to allow the other forms of experience to apply towards CPA licensure. The Board later agreed and worked with the Nebraska Society in the submission of the amendments before the Legislature within the 2013 session. The amendments were approved by the Legislature and signed by the Governor within LB 27 during the session.

***Authorizing Statute:*** PAA 1-112: The board may adopt and promulgate rules and regulations of professional conduct appropriate to establish and maintain a high standard of integrity and dignity in the profession of public accountancy and to govern the administration and enforcement of the Public Accountancy Act. The rules and regulations shall be adopted and promulgated pursuant to the Administrative Procedures Act.

***A statement that the proposed rule or regulation is consistent with legislative intent:***

The Legislature passed LB 27 that changed experience requirements to become a CPA to the Public Accountancy Act in February 2013. The Chapter 7 proposed rule change language clarifies and defines experience provisions into the current rule to ensure compatibility with the revised PAA.

***A statement indicating whether the proposed rule or regulation is the result of a state mandate on a local governmental subdivision and if the mandate is funded:***

The Board's proposed amendments within Chapter 7/ Title 288 are not the result of a state mandate.

***A statement indicating whether the proposed rule or regulation is the result of a federal mandate on state government or on a local government subdivision and if the mandate is funded:***

The Board's proposed amendments within Chapter 7/ Title 288 are not the result of a federal mandate.

***A description, including an estimated qualification, of the fiscal impact on state agencies, political subdivisions, and regulated persons:***

See attached Fiscal Impact Statement.

***A statement that the agency will solicit public comment on the proposed rule or regulation before the public hearing and a statement indicating whether or not the agency has utilized the negotiated rulemaking process as provided for in the Negotiated Rulemaking Act with respect to the proposed rule or regulation:***

See attached published Notice of Rulemaking Comment Period and Policy Making Hearing.

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The Board has worked closely with representatives from the Nebraska Society of CPA's, Nebraska Independent Accountants Association in the research, development, and draft of the proposed rules. The Board created a Experience Work Group consisting of the Board's Legislative Committee, Society leadership, and other CPAs to review, comment, and provide suggested changes to the Board's proposals.

**Fiscal Impact Statement**

**Agency: Nebraska Board of Public Accountancy**  
**Prepared By: Dan Sweetwood, Executive Director**  
**Date Prepared: July 22, 2013**  
**Telephone Number: (402) 471-3595**

**Title: 288/ Chapter 7**  
**Subject: Permits, Annual Fees, Inactive List**

**Type of Fiscal Impact:**

	<u>NBPA</u>	<u>Political Sub.</u>	<u>Regulated Public</u>
Fiscal Impact	~ *	X	X
Increased Costs	~ *	X	X
Decreased Costs	X	X	X
Increased Revenue	~*	X	X
Decreased Revenue	X	X	X
Indeterminable			

~ - Fiscal Impact

X- None

\* estimated/ possible

**Provide an Estimated Cost & Description of Impact:**

**NBPA/State Agency:**  
See attached fiscal note for LB 27

**Political Subdivisions:**

No Impact

**Regulated Public:**

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3 **CHAPTER 7 – PERMITS, ANNUAL FEES, INACTIVE LIST**  
4

5 **001 Permits.** Permits to practice public accountancy will be issued for each licensing  
6 period and will expire on June 30 of each period. The issuance to an individual of a  
7 certificate or initial permit to practice public accountancy may be denied by the Board if  
8 the individual does not meet the Character and Fitness Standards as listed in Chapter  
9 6.002 or other requirements within the Public Accountancy Act.  
10

11 001.01 Issuance of a Permit under PAA Section 1-136.02.  
12

13 001.01A A certificate holder may apply for issuance of a permit to practice under  
14 PAA Section 1-136.02 using forms provided by the Board. The  
15 experience form must include a notarized signature of a supervisor who  
16 during the time the experience was gained held an active permit to practice  
17 as a CPA.  
18

19 001.01B Experience gained shall relate to the definition of practice of public  
20 accountancy as defined within Chapter 3 001.18 in determining if the  
21 experience is satisfactory to the Board. A broad range of experience is  
22 recommended to be gained by the applicant as defined in Chapter 3  
23 001.18.  
24

25 001.01C Experience submitted shall have been gained no more than 10 years prior  
26 to the application or the applicant shall file with the Board properly  
27 completed affidavits of successful completion of 120 hours of approved  
28 courses of continuing education, including 4 hours of ethic courses, within  
29 the three calendar years preceding application.  
30

31 **002 Annual Fees.** Not later than February 1 of each year, the Board shall by resolution  
32 establish the fee schedule for all services for the following licensing year.  
33

34 **003 Inactive List.** Any certificate holder who has not lost his or her right to issuance or  
35 renewal of a permit and who is not actively engaged in the practice of public accountancy  
36 in this state, shall make a written application to the Board to be classified as inactive or  
37 inactive-retired, or may surrender his or her certificate to the Board. A person classified  
38 as inactive shall not be issued a permit to engage in public accountancy, nor be deemed  
39 the holder of a “live permit” as defined in Section 1-151 of the Act, but shall be issued an  
40 inactive registration for the current licensing period upon the payment of the applicable  
41 fee. Inactive registrations will be issued for each licensing period and will expire on June  
42 30 of each period. Once inactive-retired status is approved by the Board it will remain in  
43 effect until the certificate holder makes application for change.  
44

45 **003.01 Inactive Registrant; Use of Disclaimer.** Whenever using “Certified Public  
46 Accountant” or “CPA” with his or her name, an inactive registrant shall use the  
47 disclaimer “Inactive Registrant” in parentheses immediately after the title or  
48 abbreviation; provided, however, that a certified public accountant exercising the  
49 practice privilege pursuant to the Act and the rules of the Board shall not be required  
50 to use the disclaimer.

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**004 Display of Permit.** An individual who is practicing public accountancy shall display to the public his current individual permit to practice in a prominent place in the office where he practices public accountancy. Statutory Authority: Sections 1-131, 1-136, R.R.S. 1943



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2013

LB<sup>(1)</sup> 27 FISCAL NOTE

State Agency OR Political Subdivision Name: <sup>(2)</sup> NEBRASKA STATE BOARD OF PUBLIC ACCOUNTANCY

Prepared by: <sup>(3)</sup> DAN SWEETWOOD, ED Date Prepared: <sup>(4)</sup> 1-14-2013 Phone: <sup>(5)</sup> 1-3595

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	FY 2013-14		FY 2014-15	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	=====	=====	=====	=====

Return by date specified or 72 hours prior to public hearing, whichever is earlier.

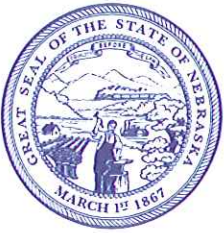
Explanation of Estimate:

No fiscal impact can be determined at this time

MAJOR OBJECTS OF EXPENDITURE

Personal Services:

POSITION TITLE	NUMBER OF POSITIONS		2013-14 EXPENDITURES	2014-15 EXPENDITURES
	13-14	14-15		
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	_____	_____



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## Notice of Rulemaking Comment Period and Policy-Making Hearing

July 17, 2013

Notice is hereby given that the Nebraska Board of Public Accountancy will hold a policy-making hearing on Wednesday August 28<sup>th</sup>, 2013 at 10:00 am at the Nebraska State Capitol, Room 1507, Lincoln, Nebraska. The purpose of this hearing is to receive public testimony on amendments to rules promulgated by the Board of Public Accountancy within NAC Title 288 relating to changes initiated by the passage of LB 27 to the Public Accountancy Act allowing for other forms of private company, government, and academia experience to count for licensure to become a CPA. The subject matter and purpose of the rule making action is:

*The Board conducted a review of regulations within NAC Title 288 regarding changes to the Public Accountancy Act in 2013. Proposed changes within Title 288 include:*

- *Chapter 7/ Provide the ability for the Board to gather information necessary to make decisions regarding experience gained and define the number of years of useful experience gained before initiating additional requirements.*

The rule-making hearing is being conducted by virtue of the provisions of Nebraska Revised Statutes, Section 84-907, R.R.S. which provisions require that copies of the proposed rule or rule change are available for public examination at the office of the Board of Public Accountancy, 290 The Apothecary Building, 140 N. 8<sup>th</sup> Street, Lincoln, Nebraska 68508, (402) 471-3595, and at the office of the Secretary of State, Capitol Building, Lincoln, Nebraska or its website located at [www.sos.ne.gov](http://www.sos.ne.gov). A complete statement on the fiscal impact of the proposed rules may be examined at the office of the Board of Public Accountancy at The Apothecary Building, Suite 290, 140 N. 8<sup>th</sup> Street, Lincoln, Nebraska.

All interested persons are invited to attend and testify at the hearing. Interested persons may also submit written comments prior to the hearing, which comments will be made a part of the hearing record at the time of the hearing. Anyone needing reasonable accommodations to review the drafts or participate in this process, please contact the Board office at (402) 471-3595 or within Nebraska at 1-800-564-6111 or by emailing to [Dan.Sweetwood@Nebraska.gov](mailto:Dan.Sweetwood@Nebraska.gov).

Sincerely,

Dan Sweetwood  
Executive Director

Jo Lowe  
Administrator