



Wyoming Board of Certified Public Accountants
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Date: January 5, 2018

To: Michelle Panos, Office of the Governor

Fr: Pamela Ivey, Executive Director

Re: Response to the Proposed "Interstate Compact for the Temporary Licensure of Professionals" Draft

On behalf of the Wyoming Board of Certified Public Accountants (Wyoming CPA Board), we appreciate this opportunity to provide feedback regarding the draft bill pertaining to "The Interstate Compact for the Temporary Licensure of Professionals" (Compact).

The intent of the bill seems to strive to make the licensing process easier in Wyoming for practitioners of any licensed occupation or profession who are licensed in good standing in another member state of the Compact. While the intent is noble, there are areas within the draft proposed bill that are of concern.

Upon review and study of the language, we are responding from the perspective of licensure of Certified Public Accountants (CPAs). We don't presume to know anything about how the proposed Compact would impact other occupations or professions; however, we are concerned that the requirements of the Compact, applied to all occupational and professional licensing may create unintended consequences. In the case of regulation of the CPA profession, the intent of the Compact requirements would be duplicative while portions of it would require significant additional expenditures to administer the temporary license class.

Recommendation

We feel that the Compact concept should be studied in greater detail to make certain that some of the areas that lack clarity or cohesion with current licensing practice acts could be effectively and efficiently performed.

Furthermore, we ask that consideration be given to exempting the licensing of Certified Public Accountants due to the duplicative nature of the proposed Compact when compared to licensing regulation of the profession. The regulatory framework pertaining to CPAs is comprised of fifty-five (55) jurisdictions that have all adopted uniform licensing requirements which leads to a critically important foundation of “substantial equivalency”. This forward-thinking framework design has facilitated interstate practice under certain conditions without issuance of separate licenses by each state for approximately twenty (20) years. The Wyoming CPA Board’s practice act was overhauled and enacted in July of 2005 to incorporate adoption of the uniform licensing requirements and it has worked very well. Reciprocal licensing has also been streamlined because of the uniform adoption of minimum licensing requirements by all jurisdictions. The adoption of the minimum licensing requirements by all jurisdictions has resulted in substantially less burdensome licensing requirements for CPAs leading to lower licensing and compliance costs. The current licensing schema recognized by all fifty-five (55) jurisdictions accomplishes the intent of the proposed Compact.

Two Classes of Licenses

The proposed draft bill would create two license classes – temporary and regular/permanent. The Wyoming CPA Board’s practice act and rules do not currently have provisions for issuance of temporary licenses. Under the language of the proposed bill draft, the expiration term of a temporary license would be eighteen (18) months or a full two years for temporary licenses issued to spouses of military members. The current expiration term for all Wyoming CPA licenses is set by statute at twelve (12) months – W.S. 33-3-109(d). Additional administration and licensing management systems would be required to manage both types of licenses. The Wyoming CPA Board does not have the necessary funds appropriated to efficiently and adequately administer the different processes found between a temporary license and a regular/permanent license. Additional staffing and improved technology would be required to manage both regular/permanent and temporary licenses. The additional resources to implement provisions of the proposed Compact flies in the face of streamlining government and increasing efficiency.

The draft bill would require issuance of a temporary license based upon an application and payment of fees. At the same time as the application for temporary licensure is submitted, the applicant would also be required to apply for a permanent/regular reciprocal license if Wyoming is the applicant’s principal place of business. Two application packages and assessment of two fees is unnecessarily burdensome for applicants for CPA licenses. There is no clarity regarding what happens to the temporary license if it expires or when the permanent/regular license is issued.

Timeliness of Response to Licensure Applications

The draft bill seems to presume that practitioners are somehow unable to practice due to a lack of timely response from various licensing jurisdictions. We can only speak to licensure of CPAs; however, temporary licensure is not at all necessary. The Wyoming CPA Board issues licenses based upon very simple and complete applications within a couple of business days. The processes and systems implemented by the Board’s small staff of two people provide for efficient, responsive and timely issuance of licenses. There is no reason for delays and, quite frankly, the agency culture recognizes and supports the ability of persons to be able to practice their profession. Application processing is a high priority for the staff and Board and we have received feedback from many people expressing appreciation regarding how quickly applications are processed and licenses are issued.

Licensing Compact Unnecessary for Certified Public Accountants

State Boards of Accountancy already operate under a “Compact” structure. All fifty-five (55) jurisdictions have adopted provisions within their practice acts that establish minimum examination, education and work experience requirements. (W.S. § 33-3-109(a).) Regulators of the CPA profession have been pioneers in paving the way for interstate practice by licensed practitioners. There is no “single license” methodology and individual states continue to regulate at the state level; however, CPA practice privileges based upon substantially equivalent minimum requirements for examination, education and work experience comes as close as we are likely to get in a climate that is protective of states’ rights.

So long as a jurisdiction’s requirements are “substantially equivalent” to mutually agreed upon minimum requirements for examination, education and work experience set forth in the Uniform Accountancy Act – 7th Edition, practitioners licensed in one jurisdiction may take advantage of practice privileges in another jurisdiction under a license that is maintained in good standing¹ in the home jurisdiction. In other words, individual CPAs are generally free to perform most accounting services across state lines for so long as they comply with the applicable statutes and rules in their home state and the state in which they are providing services.

From a practical standpoint, a Colorado or South Dakota CPA could enter Wyoming to perform accounting services as a CPA without notice, without a fee and without a Wyoming license so long as his/her license in the other jurisdiction is active and in good standing. If the practitioner moves to a new principal place of business (the Colorado or South Dakota CPA move to Wyoming) the new jurisdiction issues reciprocal licenses based upon the active and in good standing license issued in the other jurisdiction.

Provisions for Spouses of Military Members

Provisions have been made for spouses of military members in most other jurisdictions and, as you know, Wyoming is not deficient with respect to providing appropriate flexibility to spouses of men and women who serve our country and already sacrifice so much. (W.S. § 33-1-117, W.S. § 33-3-116 and Chapter 3, Section 3(a)(iv) of proposed rules.) In recognition of the sacrifices made by military members, their spouses and families, the least we can do is make the licensure process as worry-free and streamlined as possible.

¹ Provisions in the draft bill are much more restrictive with respect to the definition of “good standing” pertaining to licensure. The draft bill specifies that an applicant’s good standing status means that the licensee “*has not been the subject of an unfavorable determination in a disciplinary action two years prior to the date of the application. . .*” is more restrictive than current practice in Wyoming. So long as the license issued in the other jurisdiction is active and not restricted with respect to scope or ability to practice, the Wyoming Board of CPAs will issue a license or honor practice privileges.

Online and On Demand Licensing Database Tool

The Wyoming Board of CPAs is not authorized to conduct a full background check which involves a great deal of additional time and expense to the applicant. There is no need to recommend any change to that practice. The applicant's licensure in good standing in other jurisdictions is confirmed through usage of an electronic licensing database maintained by the National Association of State Boards of Accountancy (NASBA). The database tool relieves the Board staff from the process of manually informing other jurisdictions of licenses issued and adverse actions taken against licenses. All jurisdictions access the database tool for on demand licensure confirmation.

Licensing and disciplinary data is found online and on demand 24/7/365 which dramatically speeds the processing of applications and issuance of licenses. Critically important is the ability and design of the online licensing database to electronically inform other licensing boards when a licensee has had adverse action taken against his/her license. Based upon the information obtained from the online database, the Wyoming Board of CPAs determines whether it also needs to launch an investigation which could lead to additional disciplinary action over and above the adverse action taken in the home jurisdiction. If the event that led to disciplinary action in the home jurisdiction has no nexus to Wyoming, the Wyoming Board of CPAs hasn't launched investigations with respect to such issues.

Issuance or Non-Issuance of Temporary License

Issuance or non-issuance of any license is governed by the Board's Chapter 7 of its Rules pertaining to application review. An application that appears to be deficient with respect to minimum requirements set forth in the Board's practice act and rules is reviewed by an Application Review Committee comprised of a member of the Board with support from the Board's prosecutorial attorney assigned by the Office of Attorney General. Applications which do not appear to be deficient in any way are approved by the Board's staff within a couple of business days to allow the practitioner to begin practicing immediately; issued licenses are ratified during a Board meeting.

The applicant is notified in writing in a timely manner – usually within 7-10 days – if an application for a license is denied for any reason. Further, Chapter 7, Section 4(c) of Board rules provides an applicant an opportunity to request reconsideration and possibly an application denial hearing which is a formal contested case hearing conducted pursuant to the Wyoming Administrative Procedure Act and rules of the Office of Administrative Hearings.

“Opt Out” Concerns

The language in “Section VI: Opt Out” indicates that *“any member state may decline to afford reciprocity to active licensees from another member state for a particular occupation by enacting legislation finding that the requirements for such licenses in the relevant member state are inadequate to protect the public health and safety.”*

This “opt out” provision is problematic because the Compact draft legislation attempts to duplicate the language and processes with respect to CPA practice privileges and reciprocal licensure that have been effectively and efficiently enforced by the Wyoming Board of CPAs for the past thirteen (13) years.

The concept of substantial equivalency referenced above is rooted in the Uniform Accountancy Act – 7th Edition model practice act language. The language has been painstakingly crafted, vetted and agreed upon by committees of NASBA regulator member boards over the past twenty years. The language adopted by all fifty-five (55) jurisdictions is the standard for determining whether CPAs issued licenses in one jurisdiction meet substantially equivalent minimum requirements in other jurisdictions.

Jurisdictions would be informed immediately that another jurisdiction has been declared to be not substantially equivalent by NASBA. The Wyoming Board of CPAs' practice act and rules are written to reflect the process required when other jurisdictions no longer meet substantial equivalent requirements.

Summary

The Wyoming Board of CPAs urges more study of the proposed Compact and recommends that, if the Compact is proposed to the Legislature that the Wyoming Board of CPAs be exempted from participation in the Compact. Such an exemption should be distinguished from the opt out provision discussed above as, currently, all U.S. jurisdictions that regulate CPAs are “substantially equivalent.”

Again, thank you for the opportunity to provide this feedback on this very important issue. I would be available by phone at 307-631-0493 if you require any clarification regarding this submission. Thank you.