**Agenda Item IV**

**Rules Committee Agenda**

**January 13, 2016**

**1:30 p.m.**

A. Discussion, consideration and possible action concerning proposed amendments to Board *Rules 513.10 (Firm License)* and *513.11 (Qualifications for Non-CPA Owners of Firm License Holders*) clarifying that a CPA firm may have professional corporation ownership.

B. Discussion, consideration, and possible action on a proposed revision to Board *Rule 523.131(b)(3)* (*Board Approval of Ethics Course Content*) to require ethics course providers to have in their presentation and materials information on the services available to licensees from the Accountants Confidential Assistance Network (ACAN).

C. Discussion, consideration and possible action on proposed revisions to the AICPA/NASBA Model Uniform Accountancy Act and Model Rules to create a "Retired" status for Certified Public Accountants.

D. Discussion, consideration and possible action to initiate a review of this agency's rules pursuant to Section 2001.039 of the Texas Government Code.

E. Schedule next meeting.

**Agenda Item IV**

**Rules Committee Agenda**

**January 13, 2016**

**1:30 p.m.**

A. Discussion, consideration and possible action concerning proposed amendments to Board *Rules 513.10 (Firm License)* and *513.11 (Qualifications for Non-CPA Owners of Firm License Holders)* clarifying that a CPA firm may have professional corporation ownership.

**DISCUSSION:** The Rules Committee asked the staff to inquire of the Secretary of State's Office (SOS) if the office reviewed the applications of the professional organizations for registration to assure that the firms they registered were composed entirely of licensees. The staff had previously advised the committee that this agency had licensed CPA firm professional organizations that had non-CPA ownership and such ownership appeared to not comply with the Texas Business Organizations Code (TBOC).

The General Counsel to the SOS advised staff that pursuant to SOS rules, the SOS reviews the application to assure it meets the minimum statutory requirements. The SOS will not determine substantial compliance, however, with the TBOC and therefore does not verify that all the owners of a professional organization are in fact licensed as required by the TBOC. Their rule follows:

1 T.A.C. § 79.21:

> *The secretary of state will determine whether a document authorized to be filed with the secretary of state meets the minimum statutory requirements for filing. The secretary of state will not determine substantial compliance with the Texas Business Organizations Code or verify whether the entity has complied with its governing documents; whether a material misrepresentation has been made in any document submitted on behalf of an entity; or whether the person or persons signing the document on behalf of the entity were in fact authorized to do so.*

Attorney General Opinion No. JC-0536 confirms that CPA firms may be organized as either a professional organization or a general corporation. If a CPA firm organizes as a professional organization; however, it must be composed entirely of CPAs.

**RECOMMENDATION:** That the Rules Committee recommends to the Board the publication of the proposed rule revision to Board *Rules 513.10* and *513.11* in the *Texas Register* for public comment as proposed in these agenda materials.

**SUGGESTED MOTION:** Move that the proposed revision as contained in these agenda materials be recommended to the Board for the Board's approval to publish in the *Texas Register* for public comment.

**TITLE 22** **EXAMINING BOARDS**
**PART 22** **TEXAS STATE BOARD OF PUBLIC ACCOUNTANCY**
**CHAPTER 513** **REGISTRATION**
**SUBCHAPTER B** **REGISTRATION OF CPA FIRMS**
**RULE §513.10** **Firm License**

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(a) Except as provided for in §501.81(d) of this title (relating to Firm License Requirements), a firm providing attest services or using the titles CPAs, CPA Firm, Certified Public Accountants, Certified Public Accounting Firm, Auditing Firm, or a variation of any of those titles shall do so only through a licensed firm.

(b) To be eligible for a firm license, the firm must show:

(1) that a majority of the ownership of the firm, in terms of both financial interests and voting rights, belongs to individuals who hold certificates issued under this chapter or are licensed as a CPA in another state; **or** ~~and~~

**(2) that when the firm ownership includes professional organizations, as defined in §301.003(7) of the Texas Business Organizations Code, the professional organizations must be owned by individuals that hold a certificate issued under this chapter or are licensed in another state; and**

**(3)** ~~(2)~~ that all attest services performed in this state are under the supervision of an individual who holds a certificate issued by the board or by another state.

(c) Financial interests shall include but shall not be limited to stock shares, capital accounts, capital contributions, and equity interests of any kind. Financial interests also include contractual rights and obligations similar to those of partners, shareholders or other owners of an equity interest in a legal entity.

(d) Voting rights shall include but shall not be limited to any right to vote on the firm's ownership, business, partners, shareholders, management, profits, losses and/or equity ownership.

(e) Interpretive comment: A licensee offering services as defined in §901.005 of the Act (relating to Findings; Public Policy; Purpose) through an unlicensed firm in accordance with §501.81(d) of this title may not use the CPA designation in the unlicensed firm's name. For example: John Smith may not use the firm name "John Smith, CPA" unless the firm is licensed by the board.

(f) Interpretive comment: §901.351(a) of the Act (relating to Firm License Required), §501.81(a) of this title and subsection (a) of this section require a firm license in order to use the title CPA except as provided for in §501.81(d) of this title.

**(g) Interpretive comment: A professional organization includes a professional corporation or professional limited liability company.**

**TITLE 22** **EXAMINING BOARDS**
**PART 22** **TEXAS STATE BOARD OF PUBLIC ACCOUNTANCY**
**CHAPTER 513** **REGISTRATION**
**SUBCHAPTER B** **REGISTRATION OF CPA FIRMS**
**RULE §513.11** **Qualifications for Non-CPA Owners of Firm License Holders**

(a**)** A firm which includes non-CPA owners may not qualify for a firm license unless every non-CPA **individual who is an** owner of the firm:

~~(1) is an individual;~~

**(1)** ~~(2)~~ is actively providing personal services in the nature of management of some portion of the firm's business interests or performing services for clients of the firm or an affiliated entity;

**(2)** ~~(3)~~ is of good moral character as demonstrated by a lack of history of dishonest or felonious acts; and

**(3)** ~~(4)~~ is not a suspended or revoked licensee or certificate holder excluding those licensees that have been administratively suspended or revoked. (Administratively suspended or revoked are those actions against a licensee for Continuing Professional Education reporting deficiencies or failure to renew a license.)

(b) Each of the non-CPA **individual** owners who are residents of the State of Texas must also:

(1) pass an examination on the rules of professional conduct as determined by board rule;

(2) comply with the rules of professional conduct;

(3) maintain professional continuing education applicable to license holders including the Board approved ethics course as required by board rule;

(4) hold a baccalaureate or graduate degree conferred by a college or university within the meaning of §511.52 of this title (relating to Recognized **Institutions of Higher Education** ~~Colleges and Universities~~) or equivalent education as determined by the board; and

(5) maintain any professional designation held by the individual in good standing with the appropriate organization or regulatory body that is identified or used in an advertisement, letterhead, business card, or other firm-related communication.

(c) A "Non-CPA Owner" includes any individual **or qualified corporation** who has any financial interest in the firm or any voting rights in the firm.

**Agenda Item IV**

**Rules Committee Agenda**

**January 13, 2016**

**1:30 p.m.**

B. Discussion, consideration, and possible action on a proposed revision to Board *Rule 523.131(b)(3)* (*Board Approval of Ethics Course Content*) to require ethics course providers to have in their presentation and materials information on the services available to licensees from the Accountants Confidential Assistance Network (ACAN).

**DISCUSSION:** The Peer Assistance Committee believes that it would be helpful to increase the exposure of the services available to CPAs and CPA applicants from ACAN and, borrowing from the State Bar of Texas, recommends that CPE courses devote time to the ACAN services during its presentation on the Board's Rules of Professional Conduct.

**RECOMMENDATION:** Staff recommends that the Committee recommend to the Board the following proposed revision to Board *Rule 523.131* to require CPE programs to include information on services available from ACAN.

**SUGGESTED MOTION:** Move that the Board authorize the Executive Director to publish the proposed revision to Board *Rule 523.131* in the *Texas Register* for public comment.

**TITLE 22** **EXAMINING BOARDS**
**PART 22** **TEXAS STATE BOARD OF PUBLIC ACCOUNTANCY**
**CHAPTER 523** **CONTINUING PROFESSIONAL EDUCATION**
**SUBCHAPTER C** **ETHICS RULES: INDIVIDUALS AND SPONSORS**
**RULE §523.131** **Board Approval of Ethics Course Content**

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(a) The content of an ethics course designed to satisfy the four hour ethics CPE requirements of §523.130 of this chapter (relating to Ethics Course Requirements) must be submitted to the CPE committee of the board for initial approval and upon request thereafter. The primary objectives of the ethics course shall be to:

(1) encourage the licensee to become educated in the ethics of the profession;

(2) convey the intent of the board's Rules of Professional Conduct in the licensee's performance of professional accounting services, and not mere technical compliance;

(3) apply ethical judgment in interpreting the rules and provide for a clear understanding of the public interest. The public interest shall be placed ahead of self-interest, even if it means a loss of job or client;

(4) emphasize the ethical standards of the profession, as described in this section; and

(5) review and discuss the board's Rules of Professional Conduct and their implications for persons in a variety of practices, including at least one example from subparagraph (A) of this paragraph and at least one example from either subparagraph (B) or (C) of this paragraph:

(A) a licensee engaged in the client practice of public accountancy who performs attest and non-attest services, as defined in §501.52 of this title (relating to Definitions); and

(B) a licensee employed in industry who provides internal accounting and auditing services; or

(C) a licensee employed in education or in government accounting or auditing.

(b) To meet the objectives of subsection (a) of this section, a course must be four hours in length and its components should be approximately:

(1) 25% on ethical principles and values;

(2) 25% on ethical reasoning and dilemmas;

(3) 15% on the board's Rules of Professional Conduct with special focus on recent changes in those rules **and including information on the peer assistance available to Texas CPAs, CPA candidates and accounting students with alcohol, substance abuse, depression, stress or other mental health issues through the Accountants Confidential Assistance Network (ACAN)**; and

(4) 35% on case studies that require application of ethical principles, values, and ethical reasoning within the context of the board's Rules of Professional Conduct.

(c) Course content shall be approved only after demonstrating, either in a live instructor format, a blended program format, or interactive (computer based) format, as defined in §523.102(c)(1) of this chapter (relating to CPE Purpose and Definitions), that the course contains the underlying intent established in the following criteria:

(1) the course shall be designed to teach CPAs to achieve and maintain the highest standards of ethical conduct through ethical reasoning and the core values of the profession: integrity, objectivity, and independence, as ethical principles in addition to rules of conduct;

(2) the course shall address ethical considerations and the application of the board's Rules of Professional Conduct to all aspects of the professional accounting work whether performed by CPAs in client practice or CPAs who are not in client practice; and

(3) the course shall convey the spirit and intent of the board's Rules of Professional Conduct in the licensee's performance of accounting services, and not mere technical compliance.

(d) Ethics courses must be taught in one single four-hour session, including one 10-minute break each hour or its equivalent.

(e) Ethics courses may be reevaluated every three years or as required by the CPE committee. Updated versions of the course and any other course materials, such as course evaluations, shall be provided when requested by the committee for the course to be continued as an approved course.

(f) At the conclusion of each course, the sponsor shall administer a test to determine whether the program participants have obtained a basic understanding of the course content, including the need for a high level of ethical standards in the accounting profession.

(g) A sponsor of an ethics course approved by the board pursuant to this section shall comply with the board's rules concerning sponsors of CPE and shall provide its advertising materials to the board's CPE committee for approval. Such advertisements shall:

(1) avoid commercial exploitation;

(2) identify the primary focus of the course; and

(3) be professionally presented and consistent with the intent of §501.82 of this title (relating to Advertising).

**Agenda Item IV**

**Rules Committee Agenda**

**January 13, 2016**

**1:30 p.m.**

C. Discussion, consideration and possible action on proposed revisions to the AICPA/NASBA Model Uniform Accountancy Act and Model Rules to create a "Retired" status for Certified Public Accountants.

**DISCUSSION:** The AICPA/NASBA committees have jointly circulated an Exposure Draft which proposes changes to the Model Uniform Accountancy Act and Rules that would create a Retired-CPA status for CPAs. The Model Act and Rules currently recognize an inactive status but not a retired status. The AICPA/NASBA committees believe that it would be helpful to establish greater uniformity among the states that have a Retired-CPA status in order to promote consistency in regulation. The committees also believe that the Retired-CPA status would allow the public to take advantage of the skills that retired CPAs have to offer to non-profit organizations as uncompensated volunteers.

The proposed revisions would establish a retirement age of 55. This agency's current rules establish the eligibility for retirement as 60 years of age. The proposed rules would permit a retired CPA to offer uncompensated services to non-profit organizations. The Board's rules allow a retiree to provide uncompensated services to civic and charitable organizations.

The following chart provides some issues the committee may wish to consider in its review of the Exposure Draft.

This discussion item has been provided for the committee's information and in the event it wishes to provide a letter commenting on the Exposure Draft.

**RECOMMENDATION:** None

**SUGGESTED MOTION:** None

# EXPOSURE DRAFT

## PROPOSED REVISIONS TO

## AICPA/NASBA UNIFORM ACCOUNTANCY ACT and NASBA UNIFORM ACCOUNTANCY ACT RULES

## SECTION 6(d) and Rule 6-7

**November 2015**


**2014 – 2015 AICPA UAA Committee**

Gary McIntosh, CPA – Chair
Gregory Burke, CPA
Leroy Dennis, CPA
Steven Geisenberger, CPA
Nancy Juron, CPA
Debbie Lambert, CPA
Robert Mancini
Thomas Neill, CPA
Stephanie Peters
Tammy Velasquez

**2014 – 2015 NASBA UAA Committee**

J. Coalter Baker, CPA - Chair
Barton W. Baldwin, CPA
David L. Dennis, CPA
Lori J. Druse, CPA
Andrew L. DuBoff, CPA
Karen Garrett, CPA
Kenneth R. Odom, CPA
John E. Patterson, Esq.
Donovan W. Rulien, CPA
Dan Sweetwood


**Please submit comments by February 2, 2016 to:**


Mat Young, Vice President – State Regulatory & Legislative Affairs –
RetiredExposureDraft@aicpa.org
and
Louise Dratler Haberman, Vice President, Information & Research –
lhaberman@nasba.org

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## OVERVIEW

In September and October, the AICPA Board of Directors and the NASBA Board of Directors each approved for exposure the accompanying changes to the Uniform Accountancy Act and the Model Rules that would provide for the creation of a Retired-CPA status. Comments on this proposal are requested by February 2, 2016.

## BACKGROUND

The AICPA and NASBA have worked together since 1984 to produce the Uniform Accountancy Act (UAA) and UAA Model Rules to serve as reference documents for all U.S. states and jurisdictions as they update their own statutes. They are evergreen documents that are regularly reviewed and updated by the joint AICPA/NASBA Committee, subject to the final approval of the two organizations' board of directors.

For several years, there has been a discussion as to whether or not there should be a Retired-CPA status in the UAA. Currently, there is an Inactive-CPA status, which simply indicates that a CPA has chosen not to maintain the requisite amount of continuing professional education and can no longer hold out as a CPA while his or her CPE is not current. State Boards have come to NASBA to request guidance on how to recognize both inactive and retired CPAs. With no uniform approach, a majority of states have adopted their own retired status in their statutes and/or rules. These variations in state policies have led to inconsistencies in expectations and treatment of this class of CPAs.

Coupled with these national differences in policy, demographic changes – in particular the wave of Baby Boomers retiring or preparing to retire – are further driving the debate about the need for a Retired-CPA status. Indeed, the AICPA estimates that approximately 75% of its members will be eligible to retire by 2020. Many of these retirees are well-respected business leaders in their communities who would like to find ways to continue to be of service, without necessarily remaining an active CPA in practice.

The UAA Committee has debated and reviewed this matter and is recommending the creation of a uniform Retired-CPA status. Furthermore, it would like to allow those Retired-CPAs to offer a limited array of volunteer, uncompensated services to the public.

## THE PROPOSAL

The UAA Committee is recommending that Inactive CPAs, at least age 55, be allowed to:

- Refer to themselves as "Retired-CPA" with appropriate registration with their State Board
- Offer volunteer tax preparation services if competent
- Participate in government-sponsored business mentoring programs if competent
- Serve on the board of a non-profit organization if competent.

All of these activities would be uncompensated and are activities that can currently be offered by non-CPAs. Examples of these volunteer programs include the IRS's Volunteer Income Tax Assistance (VITA) program and the Small Business Administration's SCORE business mentoring program. Under no circumstances could the Retired-CPA provide services that require signature and use of the CPA title.

Furthermore, Retired-CPAs would be required to affirm to State Boards of Accountancy that they: (1) understand the scope of limitations on what services they offer, (2) agree not to use their retired status in any way which could be misleading, and (3) maintain professional competency, without a specific CPE requirement, when offering any of the permitted volunteer services.

# TEXT OF PROPOSED STATUTE REVISIONS

Note: The material set out below is the proposed statutory text and commentary of the relevant UAA provisions. The proposed language to be added is underlined.

**Section 6(d):**

**(d) For renewal of a certificate under this Section each licensee shall participate in a program of learning designed to maintain professional competency. Such program of learning must comply with rules adopted by the Board. The Board may by rule create an exception to this requirement for certificate holders who do not perform or offer to perform for the public one or more kinds of services involving the use of accounting or auditing skills, including issuance of reports on financial statements or of one or more kinds of management advisory, financial advisory or consulting services, or the preparation of tax returns or the furnishing of advice on tax matters. Licensees granted such an exception by the Board must place the word "inactive" adjacent to their CPA title or PA title on any business card, letterhead or any other document or device, with the exception of their CPA certificate or PA registration, on which their CPA or PA title appears. In addition, inactive CPAs, at least 55 years of age, may, in lieu of "inactive", place the word "retired" adjacent to their CPA title or PA title on any business card, letterhead or any other document or device, with the exception of their CPA certificate or PA registration, on which their CPA or PA title appears. Nothing in this section shall preclude an inactive CPA, at least 55 years of age, from providing the following volunteer, uncompensated services; tax preparation services, participating in a government-sponsored business mentoring program, or serving on the board of directors for a non-profit organization. Licensees may only convert to inactive status if they hold a license in good standing .**

*COMMENT:* A licensee is deemed competent to serve the public when he or she initially meets the requirements for licensure. However, a dynamic professional environment requires a licensee to continuously maintain and enhance his or her knowledge, skills and abilities. The board of accountancy may specify any reasonable approach to meeting this requirement using as a guideline the Statement on Standards for Continuing Professional Education (CPE) Programs jointly approved by the National Association of State Boards of Accountancy (NASBA) and the American Institute of Certified Public Accountants (AICPA). **Furthermore, this section acknowledges that CPAs may, for a number of different reasons, place their license in inactive status and not continue with CPE requirements. In order to protect the public,**

**these CPAs should not use their "inactive CPA" status to continue to perform or offer to perform professional services. However, for CPAs who go inactive because they are at the end of their careers, this provision offers an exception to ensure that they can continue to offer a limited number of volunteer, uncompensated services to the public (such as participation in the Internal Revenue Service's Volunteer Income Tax Assistance (VITA) program and the Small Business Administration's SCORE program). These services are narrow in scope, may be offered by non-CPAs, and the provision acknowledges that these CPAs still have much to contribute to their communities during retirement. In order to protect the public the board of accountancy may consider requiring these CPAs to affirm their understanding of the limited types of activities in which they may engage while in inactive CPA status and their understanding that they have a professional duty to ensure that they hold the professional competencies necessary to offer these limited services.**

# TEXT OF PROPOSED RULES REVISIONS BY ARTICLE

Note: The material set out below is the proposed rules text and commentary of the relevant UAA provisions. The proposed language to be added is underlined**,** and proposed deleted language is stricken-through.

**Rule 6-7 – Exceptions.**

(a) The Board may make an exception to the requirement set out in Rule 6-4(a) for a licensee who is inactive or who does not perform or offer to perform for the public one of more kinds of services involving the use of accounting or auditing skills, including the issuance of reports on financial statements or other compilation communication, or of one or more kinds of management advisory, financial advisory or consulting services, or the preparation of tax returns or the furnishing of advice on tax matters.

(b) The Board may in particular cases make exceptions to the requirements set out in Rule 6-4(a) for reasons of individual hardship including health, military service, foreign residence, or other good cause. **At the time the exception is granted and for as long as the license remains in "inactive" or "retired" status, the license, and any other license issued by another state, must be in good standing and not be revoked, suspended, refused renewal, subject to revoked or limited privileges under Section 23, or under any other sanction. Nothing herein shall be construed to limit the Board's disciplinary authority with regards to a license in "inactive" or "retired" status.**

(c ) Licensees granted such an exception by the Board must place the word "inactive" adjacent to their CPA title or PA title on any business card, letterhead or any other document or device, with the exception of their CPA certificate or PA registration, on which their CPA or PA title appears. **Licensees granted the exception who are at least fifty-five (55) years of age may replace "inactive" with "retired." Any of these terms must not be applied in such a manner that could likely confuse the public as to the current status of the licensee.**

**(d) Licensees granted the use of "inactive" or "retired" must affirm in writing their understanding of the limitations placed on them by being given an exception from CPE.**

**(e) Licensees granted the use of "inactive" or "retired" may provide volunteer, uncompensated services to their community, to the extent provided in statute, unless such involvement could likely mislead the public as to the ongoing competence or status of such licensee. Licensees providing such volunteer, uncompensated services still have the responsibility to maintain professional competence relative to the volunteer services they provide even though excepted from the specific CPE requirements of Rule 6-4(a).**

**(f) Licensees granted the use of "inactive" or "retired" may not sign documents using CPA with any of these terms attached when rendering one of the services allowed under UAA§A6(d) [volunteer, uncompensated services to the public or serving on the board of directors for a non-profit organization]. As UAA§6(d) provides, an inactive or retired licensee cannot offer or render professional services that require their signature and use of the CPA title either with or without "inactive" or "retired" attached.**

**(g)** Licensees granted an exception by the Board must comply with a re-entry competency requirement defined by the Board as set out in Rule 6-4(c) before they may discontinue use of the word "inactive" in association with their CPA or PA title.

**Issues to consider related to new UAA retired status:**

1) Revise 515.8 to replicate UAA standard
   a. Add a secondary retired status using TSBPA renewal fee discount
   b. Include a provision for a CPE/ethics refresher for this retired status
2) Revise 515.8 to include UAA as a non-discounted retirement option at 55. Retain 60 year age for discounted retired status.
3) Revise 515.8 to include UAA as a non-discounted retirement option at 55. Increase age to 65 for discounted retired status.
4) Revise 515.8 to include UAA as a non-discounted retirement option at 55. Increase age to 65 for discounted retired status. Include an emeritus retired status at 80 years old to include no fee.

| RETIRED Options | Age Eligible | CPE/Ethics Required | Associated w/ Accounting | Renewal Fees | Alter. Fees | Notes |
|---|---|---|---|---|---|---|
| **Issued (Current)** | N/A | 120hrs/ 4hrs ethics | Yes | $56 | $56 | |
| **UAA Retired (proposed)** | 55+ | None | No<br><br>Volunteer – OK for non-profit organization | $56 | $56 | 1) Consider some refresher CPE due periodically<br>2) Define nonprofit – civic/charity<br>3) Should there be a fee reduction?<br>4) TSBPA Rule revision required |
| **TSBPA Retired (current)** | 60+ | None | No<br><br>Volunteer – OK (for civic / charity) | $15 | $15 | 1) Rule revision needed with next review<br>2) Standardize compensation rule with practice<br>3) If adopting new UAA, consider eliminating 60 year |
| **TSBPA Retired (consider)** | 65+ | None | No<br><br>Volunteer - OK | $15 | $15 | 1) Rule revision needed with next review<br>2) Standardize compensation standard/practice |
| **Surrender** | N/A | None | N/A | $0 | $0 | |

**Sec. 901.409. FEE REDUCTION FOR RETIRED OR DISABLED PERSONS.** The board by rule may establish a reduced fee to issue or renew the license of a person who does not engage in the practice of public accountancy because of retirement or permanent disability.

(a) Retired status. A licensee who is at least 60 years old and has filed a request on a form prescribed by the board stating that he has no association with accounting work for compensation may be granted retired status at the time of license renewal. An individual who has been granted retired status and who reenters the workforce in a position that has an association with accounting work for which he receives compensation automatically loses the retired status. A CPA who serves on a Board of Directors, Board of Trustees, or in a similar governance position is not eligible for retired status unless the service is provided without compensation and for a charity, civic, or similar non-profit organization. Upon reentry into the workforce under such conditions, the individual must notify the board and request a new license renewal notice and:

(1) pay the license fee established by the board for the period since he became employed;

(2) complete a new license renewal notice; and

(3) meet the CPE requirements for the period since he was granted the retired status as required by §523.113(1)(B)(ii) of this title (relating to Exemptions from CPE).

(b) Disability status. Disability status may be granted to an individual who submits to the board a statement and a notarized affidavit from the licensee's physician which identifies the disability and states that the individual is unable to work because of a severe ongoing physical or mental impairment or medical condition that is not likely to improve within the next 12 consecutive months. This status may be granted only at the time of license renewal.

(1) Disability status is immediately revoked upon:

(A) the CPA reentering the workforce in a position that has an association with accounting work for which he receives compensation; or

(B) the CPA serving on a Board of Directors, Board of Trustees, or in a similar governance position unless the service is for a charity, civic, or similar non-profit organization.

(2) Upon reentry into the workforce under such conditions, the individual must notify the board and request a new license renewal notice and:

(A) pay the license fee established by the board for the period since he became employed;

(B) complete a new license renewal notice; and

(C) meet the CPE requirements for the period pursuant to §523.113(1)(B)(ii) of this title.

(c) For purposes of this section the term "association with accounting work" shall include the following:

(1) working, supervising or providing oversight of accounting work performed in the areas of financial accounting and reporting; tax compliance, planning or advice; management advisory services; accounting information systems; treasury, finance, or audit; or

(2) representing to the public, including an employer, that the individual is a CPA or public accountant in connection with the sale of any services or products involving accounting work, including such designation on a business card, letterhead, proxy statement, promotional brochure, advertisement, or office; or

(3) offering testimony in a court of law purporting to have expertise in accounting and reporting, auditing, tax, or management services; or

(4) for purposes of making a determination as to whether the individual fits one of the categories listed in subsection (a) or (b) of this section the questions shall be resolved in favor of including the work as an "association with accounting work."

(d) All board rules and all provisions of the Act apply to an individual in retired or disability status.

**Agenda Item IV**

**Rules Committee Agenda**

**January 13, 2016**

**1:30 p.m.**

D. Discussion, consideration and possible action to initiate a review of this agency's rules pursuant to Section 2001.039 of the Texas Government Code.

**DISCUSSION:** All state agencies are required to review and consider for re-adoption each of its rules every four years. We are required to re-adopt, re-adopt with amendments or repeal each of our rules. A state agency's review of a rule must include an assessment of whether the reasons for initially adopting the rule continue to exist.

The legislature's primary goal in Rule Review is to assure that agencies eliminate rules that are no longer necessary. Rule review does not require revisions but only an examination to determine if revisions are needed. The last rule review the Board undertook was exhaustive, but hopefully addressed most of the areas where rule clarity would be helpful.

**RECOMMENDATION:** Staff recommends that the committee recommend to the Board that it authorize the staff to notice in the *Texas Register* the initiation of Rule Review pursuant to §2001.039 of the Texas Government Code.

**SUGGESTED MOTION:** Move that the committee recommend that the Board authorize the Executive Director to have published in the *Texas Register* notice of the initiation of Rule Review pursuant to §2001.039 of the Texas Government Code.

**Agenda Item IV**

**Rules Committee Agenda**

**January 13, 2016**

**1:30 p.m.**

E. Schedule next meeting.