

# EMERGENCY RULES

Emergency Rules include new rules, amendments to existing rules, and the repeals of existing rules. A state agency may adopt an emergency rule without prior notice or hearing if the agency finds that an imminent peril to the public health, safety, or welfare, or a requirement of state or federal law, requires adoption of a rule on fewer than 30 days' notice. An emergency rule may be effective for not longer than 120 days and may be renewed once for not longer than 60 days (Government Code, §2001.034).

## TITLE 22. EXAMINING BOARDS

### PART 22. TEXAS STATE BOARD OF PUBLIC ACCOUNTANCY

#### CHAPTER 511. ELIGIBILITY

##### SUBCHAPTER B. CERTIFICATION BY EXAMINATION

###### 22 TAC §511.22

The Texas State Board of Public Accountancy adopts on an emergency basis an amendment to §511.22, concerning Initial Filing of the Application of Intent.

###### Reasoned Justification

The Public Accountancy Act is changing effective September 1, 2023. The Act, as amended, will permit CPA candidates to take the CPA exam with 120 semester hours of college course work. The Act currently requires 150 semester hours. There may be candidates with applications pending with the Board that may choose to withdraw their current application so that they would be eligible to take the exam on or after September 1, 2023 once the 120 semester hours is in effect. For those candidates that choose to do so, the \$20.00 application fee will be waived since they have already included the fee in their current application.

###### Statutory Authority

This emergency rulemaking is enacted pursuant to the authority granted in §2001.034 Texas Government Code.

The statute affected by this emergency rulemaking is Chapter 901 of the Texas Occupations Code.

###### §511.22. *Initial Filing of the Application of Intent.*

(a) The initial filing of the application of intent shall be made on forms prescribed by the board and shall also be in compliance with board rules and with all applicable laws. The application of intent may be submitted at any time and will be used to determine compliance and eligibility for an applicant to take the UCPAE. The application of intent will remain active until:

- (1) an applicant takes at least one section of the UCPAE within two years from the date of submission of the application; or
- (2) the second anniversary of the submission of the application has lapsed.

(b) Each applicant who submits an application of intent to determine eligibility for the UCPAE must pay a nonrefundable filing fee in accordance with §521.12 of this title (relating to Filing Fee). The filing fee shall be applied towards a reapplication of intent to determine eligibility for the UCPAE for those applicants applying prior to September 1, 2023 and reapplying following that date in order to qualify to take the UCPAE with 120 hours of acceptable coursework. An

application of intent not accompanied by the proper fee or required documents shall not be considered complete. The withholding of information, a misrepresentation, or any untrue statement on the application or supplemental documents will be cause for rejection of the application.

(c) Each applicant must provide official educational documents to be used in determining compliance with the applicable education requirements of the Act.

(d) Each applicant must comply with the board's fingerprinting process that accesses the Federal Bureau of Investigation (FBI) database and the Texas Department of Public Safety-Crime Records division files. This is necessary to ensure an applicant to take the uniform CPA examination or to receive a certificate lacks a history of dishonest or felonious acts and the board is aware of any criminal activity that might be relevant to the applicant's qualifications to take the UCPAE.

(e) Each applicant will be notified when all requirements have been met to apply to take the UCPAE, and with the notification, an examination application will be made available to the applicant.

(f) Each applicant must provide a copy of the following documents:

(1) Unexpired driver's license issued by a state of the United States provided it contains a photograph and information such as name, date of birth, sex, height, eye color, and address; or an unexpired United States passport; and

(2) social security card. Such information shall be considered confidential and can only be disclosed under the provisions of the Act.

(g) Applicants who are citizens of a foreign country and who cannot meet the requirements of subsection (f) of this section shall comply by providing evidence of a non-expired F-1 Visa issued to students attending a university or college. The board may consider an F-1 Visa with a Certificate of Eligibility for Nonimmigrant Student Status. Form I-20 shall be approved by the designated school official at the educational institution where the applicant is currently attending.

(h) Applicants who cannot meet the requirements of subsection (f) or (g) of this section may be eligible to take the UCPAE by providing evidence of both identity and employment authorization by submitting a copy of one of the following unexpired documents:

(1) An Alien Registration Receipt Card or Permanent Resident Card (Form I-551); or

(2) A foreign passport that contains a temporary I-551 stamp, or temporary I-551 printed notation on a machine-readable immigrant visa; or

(3) An Employment Authorization Document which contains a photograph (Form I-766).

(i) Applicants who do not have or do not submit a social security card will be required to pay an additional fee to NASBA each time

they make application for the UCPAE to verify their legal entry into the U.S.

The agency certifies that legal counsel has reviewed the emergency adoption and found it to be within the state agency's legal authority to adopt.

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## SUBCHAPTER C. EDUCATIONAL REQUIREMENTS

### 22 TAC §511.52

The Texas State Board of Public Accountancy adopts on an emergency basis an amendment to §511.52 concerning Recognized Institutions of Higher Education.

#### Reasoned Justification

Some semester hour course work may not be accepted by the Board to support an application to take the CPA exam. The Board is the authority in making that decision with advice from the University of Texas at Austin. The rule identifies four organizations and assessment methods that the Board will not accept as support to constitute the education necessary for a candidate to sit for the CPA exam.

#### Statutory Authority

This emergency rulemaking is enacted pursuant to the authority granted in §2001.034 Texas Government Code.

The statute affected by this emergency rulemaking is Chapter 901 of the Texas Occupations Code.

#### §511.52. *Recognized Institutions of Higher Education.*

(a) The board recognizes institutions of higher education that offer a baccalaureate or higher degree, that either:

(1) are accredited by one of the following organizations:

(A) Middle States Commission on Higher Education (MSCHE);

(B) Northwest Commission on Colleges and Universities (NWCCU);

(C) Higher Learning Commission (HLC);

(D) New England Commission of Higher Education (NECHE);

(E) Southern Association of Colleges and Schools, Commission on Colleges (SACS); and

(F) WASC Senior College and University Commission;

or

(2) provide evidence of meeting equivalent accreditation requirements of SACS.

(b) The board is the final authority regarding the evaluation of an applicant's education and has received assistance from the reporting institution in the State of Texas, the University of Texas at Austin, in evaluating:

(1) an institution of higher education;

(2) organizations that award credits for coursework taken outside of a traditional academic environment and shown on a transcript from an institution of higher education;

(3) assessment methods such as credit by examination, challenge exams, portfolio assessment; and

(4) non-college education and training.

(c) The following organizations and assessment methods may not be used to meet the requirements of this chapter:

(1) American Council on Education (ACE);

(2) Prior Learning Assessment (PLA);

(3) Defense Activity for Non-Traditional Education Support (DANTES); and

(4) Defense Subject Standardized Test (DSST).

~~[(b) The board may receive assistance from the reporting institution in the State of Texas in evaluating an institution of higher education.]~~

~~(d) [(e)] The board may accept courses completed through an extension school, a correspondence school or continuing education program provided that the courses are offered and accepted by the board approved educational institution for a business baccalaureate or higher degree conferred by that educational institution.~~

~~(e) [(f)] Except as provided in subsection (d) [(e)] of this section, extension and correspondence schools or programs and continuing education courses do not meet the criteria for recognized institutions of higher education.~~

~~(f) [(g)] The requirements related to recognized community colleges are provided in §511.54 of this chapter (relating to Recognized Texas Community Colleges).~~

~~(g) [(h)] The board may recognize a community college that offers a baccalaureate degree in accounting or business, provided that the applicant is admitted to a graduate program in accounting or business offered at a recognized institution of higher education that offers a graduate or higher degree.~~

The agency certifies that legal counsel has reviewed the emergency adoption and found it to be within the state agency's legal authority to adopt.

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### 22 TAC §511.53

The Texas State Board of Public Accountancy adopts on an emergency basis an amendment to §511.53 concerning Evaluation of International Education Documents.

#### Reasoned Justification

The proposed rule addresses a revision to the Public Accountancy Act that lowers the number of college level courses needed to be eligible to take the CPA exam. The Board is attempting to get the rule adopted in time for the effective date of the Act's revision.

#### Statutory Authority

This emergency rulemaking is enacted pursuant to the authority granted in §2001.034 Texas Government Code.

The statute affected by this emergency rulemaking is Chapter 901 of the Texas Occupations Code.

#### §511.53. *Evaluation of International Education Documents.*

(a) It is the responsibility of the board to confirm that education obtained at colleges and universities outside of the United States (international education) is equivalent to education earned at board-recognized institutions of higher education in the U.S.

(b) The board shall use, at the expense of the applicant, the services of the University of Texas at Austin, Graduate and International Admissions Center, to validate, review, and evaluate international education documents submitted by an applicant to determine if the courses taken and degrees earned are substantially equivalent to those offered by the board-recognized institutions of higher education located in the U.S. The evaluation shall provide the following information to the board:

(1) Degrees earned by the applicant that are substantially equivalent to those conferred by a board-recognized institution of higher education in the U.S. that meets §511.52 of this chapter (relating to Recognized Institutions of Higher Education);

(2) The total number of semester hours or quarter hour equivalents earned that are substantially equivalent to those earned at U.S. institutions of higher education and that meet §511.59 of this chapter (relating to Definition of 120 [~~150~~] Semester Hours to take the UCPAE);

(3) The total number of semester hours or quarter hour equivalents earned in accounting coursework that meets §511.57 of this chapter (relating to Qualified Accounting Courses to take the UCPAE) or §511.60 of this chapter (relating to Qualified Accounting Courses Prior to January 1, 2024 to take the UCPAE);

(4) An analysis of the title and content of courses taken that are substantially equivalent to courses listed in §511.57 or §511.60 of this chapter; and

(5) The total number of semester hours or quarter hour equivalents earned in business coursework that meets §511.58 of this chapter (relating to Definitions of Related Business Subjects to take the UCPAE [~~and Ethics Courses~~]).

(c) The University of Texas at Austin, Graduate and International Admissions Center, may use the American Association of Collegiate Registrars and Admissions Officers (AACRAO) material, including the Electronic Database for Global Education (EDGE), in evaluating international education documents.

(d) Other evaluation or credentialing services of international education are not accepted by the board.

(e) Credits awarded for coursework taken through the following organizations and shown on a transcript from an institution

of higher education may not be used to meet the requirements of this chapter:

(1) American College Education (ACE);

(2) Prior Learning Assessment (PLA);

(3) Defense Activity for Non-Traditional Education Support (DANTES); and

(4) Defense Subject Standardized Test (DSST).

The agency certifies that legal counsel has reviewed the adoption and found it to be a valid exercise of the agency's legal authority.

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#### 22 TAC §511.54

The Texas State Board of Public Accountancy adopts on an emergency basis an amendment to §511.54 concerning Recognized Texas Community Colleges.

#### Reasoned Justification

The Public Accountancy is being revised to permit CPA candidates to take the CPA exam with 120 semester hours of college course work. This rule is being revised to effect the statutory change so that the number of upper level accounting courses required to take the exam will be reduced from 30 semester hours to 21 semester hours effective September 1, 2023.

#### Statutory Authority

This emergency rulemaking is enacted pursuant to the authority granted in §2001.034 Texas Government Code.

The statute affected by this emergency rulemaking is Chapter 901 of the Texas Occupations Code

#### §511.54. *Recognized Texas Community Colleges.*

(a) An applicant who has completed a baccalaureate or higher degree from a board recognized institution of higher education based on the requirements of §511.52 of this chapter (relating to Recognized Institutions of Higher Education), may enter into a course of study at a board recognized Texas community college to complete the educational requirements of §§511.57, 511.58, and 511.60 of this chapter (relating to Qualified Accounting Courses to take the UCPAE, Definitions of Related Business Subjects to take the UCPAE [~~and Ethics Courses~~], and Qualified Accounting Courses Prior to January 1, 2024 to take the UCPAE).

(b) The board recognizes and accepts Texas community colleges that meet board standards for a comprehensive academic program based on the educational requirements of §§511.57, 511.58, and 511.60 of this chapter.

(c) Effective August 1, 2015, the standards include at a minimum all, but are not limited to, the following:

(1) The Texas community college must be accredited by SACS.

(2) Academic accounting and business courses recognized as meeting §§511.57, 511.58, and 511.60 of this chapter are deemed by the board as equivalent to upper level coursework at an institution of higher education and must contain a rigorous curriculum that is similar to courses offered in a baccalaureate degree program at a university. Accounting, business, and ethics courses must be developed by a group of full time accounting faculty members and approved by the board prior to offering to students. Modifications to an approved course must be reconsidered by the board prior to offering to students.

(3) Academic courses meeting §§511.57, 511.58, and 511.60 of this chapter must be taken after completing a baccalaureate degree.

(4) The Texas community college must offer no fewer than:

(A) 27 [~~30~~] semester hours of academic accounting courses meeting §511.57 or §511.60 of this chapter;

(B) 24 semester hours of academic business courses meeting §511.58 of this chapter; and

(C) a board-approved three semester hour ethics course meeting §511.164 [~~§511.58~~] of this chapter (relating to Definition of 150 Semester Hours to Qualify for Issuance of a Certificate).

(5) The Texas community college designates an accounting faculty member(s) who is responsible for:

(A) managing the comprehensive academic program at all campuses;

(B) selecting and training qualified faculty members to teach the program courses and regularly evaluating their effectiveness in the classroom;

(C) establishing and maintaining a rigorous program curriculum;

(D) establishing and maintaining a process for advising and guiding students through the program; and

(E) providing annual updates to the board on the status of the academic program.

(6) Faculty members at a community college recognized and accepted by the board must have the following credentials to teach academic courses meeting §§511.57, 511.58, and 511.60 of this chapter:

(A) Doctorate or master's degree in the teaching discipline; or

(B) Master's degree with a concentration in the teaching discipline (a minimum of 18 graduate semester hours in the teaching discipline).

(7) At least three-fourths of the faculty members who are responsible to teach academic courses meeting §511.57 or §511.60 of this chapter must hold a current CPA license.

(8) Faculty members will comply with the established educational definitions in §511.51 of this chapter (relating to Educational Definitions).

(9) The Texas community college will provide ongoing professional development for its faculty as teachers, scholars, and CPA practitioners.

(10) The Texas community college will make available to students a resource library containing current online authoritative liter-

ature to support the academic courses meeting §§511.57, 511.58, and 511.60 of this chapter, and will incorporate the online authoritative literature in accounting courses.

(d) A community college recognized and accepted by the board under this provision must be reconsidered by the board on the fifth-year anniversary of the approval. Information brought to the attention of the board by a student or faculty member of the Texas community college that indicates non-compliance with the standards may cause the board to accelerate reconsideration.

The agency certifies that legal counsel has reviewed the emergency adoption and found it to be within the state agency's legal authority to adopt.

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## 22 TAC §511.56

The Texas State Board of Public Accountancy adopts on an emergency basis an amendment to §511.56 concerning Educational Qualifications under the Act.

### Reasoned Justification

One major effect of this rule revision is to allow candidates to take the CPA exam with 21 upper level accounting semester hours. The three semester hour ethics course is being eliminated from eligibility to take the exam. This allows candidates to take the exam earlier than the current law allows. The three semester hour ethics course will be required prior to certification.

### Statutory Authority

This emergency rulemaking is enacted pursuant to the authority granted in §2001.034 Texas Government Code.

The statute affected by this emergency rulemaking is Chapter 901 of the Texas Occupations Code.

§511.56. Educational Qualifications under the Act to take the UC-PAE.

(a) An applicant for the UC-PAE under the current Act shall meet the following educational requirements at the time of filing the initial application to take the examination and in order to qualify to take the examination:

(1) hold a baccalaureate or graduate degree conferred by an institution of higher education as defined by §511.52 of this chapter (relating to Recognized Institutions of Higher Education) recognized by the board; and

(2) complete no fewer than 120 [~~150~~] semester hours or quarter-hour equivalents of courses, as defined by §511.59 of this chapter (relating to Definition of 120 [~~150~~] Semester Hours to take the UC-PAE) and consisting of:

(A) no fewer than 21 [~~30~~] semester hours or quarter-hour equivalents of upper level accounting courses as defined by §511.57 of this chapter (relating to Qualified Accounting Courses to

take the UCPAE) or §511.60 of this chapter (relating to Qualified Accounting Courses Prior to January 1, 2024 to take the UCPAE); and

(B) no fewer than 24 semester hours or quarter-hour equivalents of upper level related business courses, as defined by §511.58 of this chapter (relating to Definitions of Related Business Subjects to take the UCPAE), [and Ethics Courses]; and]

~~[(C) a 3-semester-hour board-approved ethics course as defined by §511.58 of this chapter.]~~

(b) An applicant for the UCPAE who met the educational requirements of the Act that were in effect at the time of taking the initial examination shall continue to be examined under those requirements unless the applicant chooses to meet the current education requirements of the Act.

The agency certifies that legal counsel has reviewed the emergency adoption and found it to be within the state agency's legal authority to adopt.

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## 22 TAC §511.57

The Texas State Board of Public Accountancy adopts on an emergency basis an amendment to §511.57 concerning Qualified Accounting Courses.

### Reasoned Justification

With the proposed revision to the Public Accountancy Act permitting a candidate to sit for the exam at 120 semester hours, the number of upper level accounting courses is being reduced to 21 semester hours of course work. With the reduction of upper level accounting course work, the number of hours in the separate disciplines is correspondingly being reduced to implement the revisions to the Act.

### Statutory Authority

This emergency rulemaking is enacted pursuant to the authority granted in §2001.034 Texas Government Code.

The statute affected by this emergency rulemaking is Chapter 901 of the Texas Occupations Code.

### §511.57. *Qualified Accounting Courses to take the UCPAE.*

(a) An applicant shall meet the board's accounting course requirements in one of the following ways:

(1) Hold a baccalaureate or higher degree from a board-recognized institution of higher education as defined by §511.52 of this chapter (relating to Recognized Institutions of Higher Education) and present official transcript(s) from board-recognized institution(s) that show degree credit for no fewer than 21 [30] semester credit hours of upper division accounting courses as defined in subsections (e), (f) and (g) of this section; or

(2) Hold a baccalaureate or higher degree from a board-recognized institution of higher education as defined by §511.52 of this

chapter, and after obtaining the degree, complete the requisite 21 [30] semester credit hours of upper division accounting courses, as defined in subsections (e), (f) and (g) of this section, from four-year degree granting institutions, or accredited community colleges, provided that all such institutions are recognized by the board as defined by §511.52 or §511.54 of this chapter (relating to Recognized Texas Community Colleges).

(b) Credit for hours taken at board-recognized institutions of higher education using the quarter system shall be counted as 2/3 of a semester credit hour for each hour of credit received under the quarter system.

(c) The board will accept no fewer than 21 [30] semester credit hours of accounting courses from the courses listed in subsections (e), (f) and (g) of this section. The hours from a course that has been repeated will be counted only once toward the required 21 [30] semester hours. The courses must meet the board's standards by containing sufficient accounting knowledge and application to be useful to candidates taking the UCPAE. A board-recognized institution of higher education must have accepted the courses for purposes of obtaining a baccalaureate or higher degree or its equivalent, and they must be shown on an official transcript.

(d) Upper level accounting coursework recognized by the board and in effect prior to January 1, 2024, may be found in §511.60 of this chapter (relating to Qualified Accounting Courses Prior to January 1, 2024 to take the UCPAE).

(e) Effective January 1, 2024, the subject-matter content should be derived from the UCPAE Blueprint. A minimum of 12 [15] semester hours with at least three semester hours in each of the following accounting course content area is required:

(1) financial accounting and reporting for business organizations that may include:

- (A) intermediate accounting;
- (B) advanced accounting; and
- (C) accounting theory;

(2) financial statement auditing;

(3) taxation; and

(4) accounting information systems.

(f) Effective January 1, 2024, a minimum of 9 [15] hours in any of the following accounting course content area is required:

(1) managerial or cost accounting (excluding introductory level courses);

(2) auditing and attestation services;

(3) internal accounting control and risk assessment;

(4) financial statement analysis;

(5) accounting research and analysis;

(6) up to 9 semester credit hours of taxation (including tax research and analysis);

(7) financial accounting and reporting for governmental and/or other nonprofit entities;

(8) up to 9 semester credit hours of accounting information systems, including management information systems ("MIS"), provided the MIS courses are listed or cross-listed as accounting courses, and the institution of higher education accepts these courses

as satisfying the accounting course requirements for graduation with a degree in accounting;

(9) up to 9 [12] semester credit hours of accounting data analytics, provided the institution of higher education accepts these courses as satisfying the accounting course requirements for graduation with a degree in accounting; business data analytics may be considered provided the courses are listed or cross-listed as accounting courses, and the institution of higher education accepts these courses as satisfying the accounting course requirements for graduation with a degree in accounting; (while data analytics tools may be taught in the courses, application of the tools should be the primary objective of the courses);

(10) fraud examination;

(11) international accounting and financial reporting;

(12) mergers and acquisitions;

(13) financial planning;

~~[(14) an accounting internship program (not to exceed 3 semester credit hours) which meets the following requirements:]~~

~~[(A) the accounting knowledge gained is equal to or greater than the knowledge gained in a traditional accounting classroom setting;]~~

~~[(B) the employing firm provides the faculty coordinator and the student with the objectives to be met during the internship;]~~

~~[(C) the internship plan is approved in advance by the faculty coordinator;]~~

~~[(D) the employing firm provides significant accounting work experience with adequate training and supervision of the work performed by the student;]~~

~~[(E) the employing firm provides the student with training, supervision, periodic feedback and a final evaluation at the conclusion of the internship, provides a letter describing the duties performed and the supervision to the student, and provides a copy of the documentation to the faculty coordinator and the student;]~~

~~[(F) the student keeps a diary comprising a chronological list of all work experience gained in the internship;]~~

~~[(G) the student writes a paper demonstrating the knowledge gained in the internship;]~~

~~[(H) the student and/or faculty coordinator provides evidence of all items upon request by the board; and]~~

~~[(I) the internship course shall not be taken until a minimum of 12 semester credit hours of upper division accounting course work has been completed;]~~

(14) [(15)] at its discretion, the board may accept up to three semester hours of credit of accounting course work with substantial merit in the context of a career in public accounting, provided the course work is predominantly accounting or auditing in nature but not included in paragraphs (1) - (13) of this subsection. For any course submitted under this provision, the Accounting Faculty Head or Chair must affirm to the board in writing the course's merit and content; and

(15) [(16)] at its discretion, the board may accept up to three semester credit hours of independent study in accounting selected or designed by the student under faculty supervision. The curriculum for the course shall not repeat the curriculum of another accounting course that the student has completed.

(g) The board requires that a minimum of two semester credit hours in research and analysis relevant to the course content described in subsection (f) of this section be completed. The semester credit hours may be obtained through a standalone course or offered through an integrated approach. If the course content is offered through integration, the institution of higher education must advise the board of the course(s) that contain the research and analysis content. The course may be used toward the 9 [15] semester credit hours of upper level accounting courses identified in subsection (f)(5) of this section.

(h) The following types of introductory courses do not meet the accounting course definition in subsections (e) and (f) of this section:

(1) elementary accounting;

(2) principles of accounting;

(3) financial and managerial accounting;

(4) introductory accounting courses; and

(5) accounting software courses.

(i) Any CPA review course offered by an institution of higher education or a proprietary organization shall not be used to meet the accounting course definition.

(j) CPE courses shall not be used to meet the accounting course definition.

(k) An ethics course required in §511.58(d) of this chapter (relating to Definitions of Related Business Subjects to take the UCPAE [and Ethics Courses]) shall not be used to meet the accounting course definition in subsections (e) and (f) of this section.

(l) Accounting courses completed through an extension school of a board recognized educational institution may be accepted by the board provided that the courses are accepted for a business baccalaureate or higher degree conferred by that educational institution.

(m) The board may review the content of accounting courses and determine if they meet the requirements of this section.

(n) Credits awarded for coursework taken through the following organizations and shown on a transcript from an institution of higher education may not be used to meet the requirements of this chapter:

(1) American College Education (ACE);

(2) Prior Learning Assessment (PLA);

(3) Defense Activity for Non-Traditional Education Support (DANTES); and

(4) Defense Subject Standardized Test (DSST).

The agency certifies that legal counsel has reviewed the emergency adoption and found it to be within the state agency's legal authority to adopt.

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## 22 TAC §511.58

The Texas State Board of Public Accountancy adopts on an emergency basis an amendment to §511.58 concerning Definitions of Related Business Subjects and Ethics Courses.

### Reasoned Justification

As a result of the proposed revisions to the Public Accountancy Act, an ethics course is no longer being required prior to taking the exam at 120 hours and is being relocated to Board Rule 511.161. The proposed revision also identifies certain organizations and assessment methods that will not be accepted by the Board to qualify a candidate to sit for the exam.

### Statutory Authority

This emergency rulemaking is enacted pursuant to the authority granted in §2001.034 Texas Government Code.

The statute affected by this emergency rulemaking is Chapter 901 of the Texas Occupations Code.

*§511.58. Definitions of Related Business Subjects to take the UCPAE [and Ethics Courses].*

(a) Related business courses are those business courses that a board recognized institution of higher education accepts for a business baccalaureate or higher degree by that educational institution.

(b) An individual who holds a baccalaureate or higher degree from a recognized educational institution as defined by §511.52 of this chapter (relating to Recognized Institutions of Higher Education) may take related business courses from four-year degree granting institutions, or recognized community colleges, provided that all such institutions are recognized by the board as defined by §511.52 or §511.54 of this chapter (relating to Recognized Texas Community Colleges). Related business courses taken at a recognized community college are only the courses that the board has reviewed and approved to meet this section.

(c) The board will accept no fewer than 24 semester credit hours of upper level courses (for the purposes of this subsection, economics and statistics at any college level will count as upper division courses) as related business subjects (without repeat), taken at a recognized educational institution shown on official transcripts or accepted by a recognized educational institution for purposes of obtaining a baccalaureate degree or its equivalent, in the following areas.

(1) No more than 6 credit semester hours taken in any of the following subject areas may be used to meet the minimum hour requirement:

- (A) business law, including study of the Uniform Commercial Code;
- (B) economics;
- (C) management;
- (D) marketing;
- (E) business communications;
- (F) statistics and quantitative methods;
- (G) information systems or technology; and
- (H) other areas related to accounting.

(2) No more than 9 credit semester hours taken in any of the following subject areas may be used to meet the minimum hour requirement:

- (A) finance and financial planning; and

(B) data analytics, data interrogation techniques, cyber security and/or digital acumen in the accounting context, whether taken in the business school or in another college or university program, such as the engineering, computer science, information systems, or math programs (while data analytic tools may be used in the course, application of the tools should be the primary objective of the course.

~~[(d) In addition to the 24 hours required in subsection (e) of this section, the board requires that 3 passing semester hours be earned as a result of taking a standalone course in accounting or business ethics. The course must be taken at a recognized educational institution and should provide students with a framework of ethical reasoning, professional values, and attitudes for exercising professional skepticism and other behavior in the best interest of the public and profession. The ethics course shall:]~~

~~[(1) include the ethics rules of the AICPA, the SEC, and the board;]~~

~~[(2) provide a foundation for ethical reasoning, including the core values of integrity, objectivity, and independence; and]~~

~~[(3) be taught by an instructor who has not been disciplined by the board for a violation of the board's rules of professional conduct, unless that violation has been waived by the board.]~~

~~(d) [(e)]~~ The board requires that a minimum of 2 upper level semester credit hours in accounting communications or business communications with an intensive writing curriculum be completed. The semester hours may be obtained through a standalone course or offered through an integrated approach. If the course content is offered through integration, the university must advise the board of the course(s) that contain the accounting communications or business communications content. The course may be used toward the 24 semester credit hours of upper level business courses listed in subsection (c)(1) of this section.

~~(e) [(f)]~~ Credit for hours taken at recognized institutions of higher education using the quarter system shall be counted as 2/3 of a semester hour for each hour of credit received under the quarter system.

~~(f) [(g)]~~ Related business courses completed through and offered by an extension school, correspondence school, or continuing education program of a board recognized educational institution may be accepted by the board, provided that the courses are accepted for a business baccalaureate or higher degree conferred by that educational institution.

~~(g) [(h)]~~ The board may review the content of business and ethics courses and determine if they meet the requirements of this section.

~~(h) Credits awarded for coursework taken through the following organizations and shown on a transcript from an institution of higher education may not be used to meet the requirements of this chapter:~~

- ~~(1) American College Education (ACE);~~
- ~~(2) Prior Learning Assessment (PLA);~~
- ~~(3) Defense Activity for Non-Traditional Education Support (DANTES); and~~
- ~~(4) Defense Subject Standardized Test (DSST).~~

The agency certifies that legal counsel has reviewed the emergency adoption and found it to be within the state agency's legal authority to adopt.

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## 22 TAC §511.59

The Texas State Board of Public Accountancy adopts on an emergency basis an amendment to §511.59 concerning Definition of 150 Semester Hours.

### Reasoned Justification

The proposed rules implement the proposed revisions to the Public Accountancy Act to permit the CPA candidate to sit for the exam with 120 semester hours of college course work. The number of upper level accounting courses is reduced to 21, the 3 hours of ethics is relocated to Board Rule 511.161, the credit hours of undergraduate or graduate independent study and/or internship courses is relocated to Board Rule 511.164, and the proposed revision also identifies certain organizations and assessment methods that will not be accepted by the Board to qualify a candidate to sit for the exam.

### Statutory Authority

This emergency rulemaking is enacted pursuant to the authority granted in §2001.034 Texas Government Code.

The statute affected by this emergency rulemaking is Chapter 901 of the Texas Occupations Code.

*§511.59. Definition of 120 [150] Semester Hours to take the UCPAE.*

(a) To be eligible to take the UCPAE, an applicant must hold at a minimum a baccalaureate degree, conferred by a board-recognized institution of higher education as defined by §511.52 of this chapter (relating to Recognized Institutions of Higher Education), and have completed the board-recognized coursework identified in this section:

(1) no fewer than 21 [30] semester hours or quarter-hour equivalents of upper level accounting courses as defined by §511.57 of this chapter (relating to Qualified Accounting Courses) or §511.60 of this chapter (relating to Qualified Accounting Courses Prior to January 1, 2024 to take the UCPAE);

(2) no fewer than 24 semester hours or quarter-hour equivalents of upper level related business courses, as defined by §511.58 of this chapter (relating to Definitions of Related Business Subjects to take the UCPAE [and Ethics Courses]); and

~~[(3) a 3-semester-hour board-approved ethics course as defined by §511.58 of this chapter; and]~~

(3) ~~[(4)]~~ academic coursework at an institution of higher education as defined by §511.52 of this chapter, when combined with paragraphs (1) and (2) ~~[- (3)]~~ of this subsection meets or exceeds 120 [150] semester hours. ~~[A maximum of 9 total semester credit hours of undergraduate or graduate independent study courses and/or internships, as defined in §511.51(b)(4) or §511.51(b)(5) of this chapter (relating to Educational Definitions) respectively, may be considered as academic coursework to meet this paragraph. Of the 9 total semester credit hours of undergraduate or graduate independent study and/or internships courses, a maximum of 3 semester credit hours may apply~~

to accounting content subject to paragraph (1) of this subsection and a maximum of 3 semester credit hours may apply to business courses subject to paragraph (2) of this subsection. Semester credit hours may not be applied to both accounting content as found in paragraph (1) of this subsection and business courses as found in paragraph (2) of this subsection concurrently.]

(b) An individual holding a baccalaureate degree conferred by a board-recognized institution of higher education, as defined by §511.52 of this chapter, and who has not completed the requirements of this section shall meet the requirements by taking coursework in one of the following ways:

(1) complete upper level or graduate courses at a board recognized institution of higher education as defined in §511.52 of this chapter that meets the requirements of subsection (a)(1) and (2) ~~[- (3)]~~ of this section; or

(2) enroll in a board recognized community college as defined in §511.54 of this chapter (relating to Recognized Texas Community Colleges) and complete board approved accounting or business courses that meet the requirements of subsection (a)(1) and (2) ~~[- (3)]~~ of this section. Only specified accounting and business courses that are approved by the board will be accepted as not all courses offered at a community college are accepted.

(c) The following courses, courses of study, certificates, and programs may not be used to meet the 120-semester [150-semester] hour requirement:

(1) any CPA review course offered by an institution of higher education or a proprietary organization; ~~[and]~~

(2) remedial or developmental courses offered at an educational institution; ~~and[:]~~

(3) credits awarded for coursework taken through the following organizations and shown on a transcript from an institution of higher education may not be used to meet the requirements of this chapter:

(A) American College Education (ACE);

(B) Prior Learning Assessment (PLA);

(C) Defense Activity for Non-Traditional Education Support (DANTES); and

(D) Defense Subject Standardized Test (DSST).

(d) The hours from a course that has been repeated will be counted only once toward the required 120 [150] semester hours.

The agency certifies that legal counsel has reviewed the emergency adoption and found it to be within the state agency's legal authority to adopt.

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## 22 TAC §511.60



The Texas State Board of Public Accountancy adopts on an emergency basis an amendment to §511.60 concerning Qualified Accounting Courses Prior to January 1, 2024.

#### Reasoned Justification

The proposed rules implement the proposed revisions to the Public Accountancy Act to permit the CPA candidate to sit for the exam with 120 semester hours of college course work. The number of upper level accounting courses is reduced to 21, the 3 hours of ethics is relocated to Board Rule 511.161 and the proposed revision also identifies certain organizations and assessment methods that will not be accepted by the Board to qualify a candidate to sit for the exam.

#### Statutory Authority

This emergency rulemaking is enacted pursuant to the authority granted in §2001.034 Texas Government Code.

The statute affected by this emergency rulemaking is Chapter 901 of the Texas Occupations Code.

*§511.60. Qualified Accounting Courses Prior to January 1, 2024 to take the UCPAE.*

(a) An applicant shall meet the board's accounting course requirements in one of the following ways:

(1) Hold a baccalaureate or higher degree from a board-recognized institution of higher education as defined by §511.52 of this chapter (relating to Recognized Institutions of Higher Education) and present valid transcript(s) from board-recognized institution(s) that show degree credit for no fewer than 21 [30] semester credit hours of upper division accounting courses as defined in subsection (e) of this section; or

(2) Hold a baccalaureate or higher degree from a board-recognized institution of higher education as defined by §511.52 of this chapter, and after obtaining the degree, complete the requisite 21 [30] semester credit hours of upper division accounting courses, as defined in subsection (e) of this section, from four-year degree granting institutions, or accredited community colleges, provided that all such institutions are recognized by the board as defined by §511.52 of this chapter, and that the accounting programs offered at the community colleges are reviewed and accepted by the board.

(b) Credit for hours taken at board-recognized institutions of higher education using the quarter system shall be counted as 2/3 of a semester credit hour for each hour of credit received under the quarter system.

(c) The board will accept no fewer than 21 [30] semester credit hours of accounting courses from the courses listed in subsection (e)(1) - (14) [(15)] of this section. The hours from a course that has been repeated will be counted only once toward the required 21 [30] semester hours. The courses must meet the board's standards by containing sufficient business knowledge and application to be useful to candidates taking the UCPAE. A board-recognized institution of higher education must have accepted the courses for purposes of obtaining a baccalaureate degree or its equivalent, and they must be shown on an official transcript.

(d) A non-traditionally-delivered course meeting the requirements of this section must have been reviewed and approved through a formal, institutional faculty review process that evaluates the course and its learning outcomes and determines that the course does, in fact, have equivalent learning outcomes to an equivalent, traditionally delivered course.

(e) The subject-matter content should be derived from the UC-PAE Blueprints and cover some or all of the following:

(1) financial accounting and reporting for business organizations that may include:

(A) up to nine semester credit hours of intermediate accounting;

(B) advanced accounting; or

(C) accounting theory;

(2) managerial or cost accounting (excluding introductory level courses);

(3) auditing and attestation services;

(4) internal accounting control and risk assessment;

(5) financial statement analysis;

(6) accounting research and analysis;

(7) up to 12 semester credit hours of taxation (including tax research and analysis);

(8) financial accounting and reporting for governmental and/or other nonprofit entities;

(9) up to 12 semester credit hours of accounting information systems, including management information systems ("MIS"), provided the MIS courses are listed or cross-listed as accounting courses, and the institution of higher education accepts these courses as satisfying the accounting course requirements for graduation with a degree in accounting;

(10) up to 12 semester credit hours of accounting data analytics, provided the institution of higher education accepts these courses as satisfying the accounting course requirements for graduation with a degree in accounting (while data analytics tools may be taught in the courses, application of the tools should be the primary objective of the courses);

(11) fraud examination;

(12) international accounting and financial reporting;

~~[(13) an accounting internship program (not to exceed three semester credit hours) which meets the following requirements:]~~

~~[(A) the accounting knowledge gained is equal to or greater than the knowledge gained in a traditional accounting classroom setting;]~~

~~[(B) the employing firm provides the faculty coordinator and the student with the objectives to be met during the internship;]~~

~~[(C) the internship plan is approved in advance by the faculty coordinator;]~~

~~[(D) the employing firm provides significant accounting work experience with adequate training and supervision of the work performed by the student;]~~

~~[(E) the employing firm provides an evaluation of the student at the conclusion of the internship, provides a letter describing the duties performed and the supervision to the student, and provides a copy of the documentation to the faculty coordinator and the student;]~~

~~[(F) the student keeps a diary comprising a chronological list of all work experience gained in the internship;]~~

~~[(G) the student writes a paper demonstrating the knowledge gained in the internship;]~~

~~[(H) the student and/or faculty coordinator provides evidence of all items upon request by the board;]~~

~~[(I) the internship course shall not be taken until a minimum of 12 semester credit hours of upper division accounting course work has been completed; and]~~

~~[(J) the internship course shall be the equivalent of a traditional course;]~~

(13) [(14)] at its discretion, the board may accept up to three semester credit hours of accounting course work with substantial merit in the context of a career in public accounting, provided the course work is predominantly accounting or auditing in nature but not included in paragraphs (1) - (12) of this subsection (for any course submitted under this provision, the Accounting Faculty Head or Chair must affirm to the board in writing the course's merit and content); and

(14) [(15)] at its discretion, the board may accept up to three semester credit hours of independent study in accounting selected or designed by the student under faculty supervision (the curriculum for the course shall not repeat the curriculum of another accounting course that the student has completed).

(f) The board requires that a minimum of two semester credit hours in research and analysis relevant to the course content described in subsection (e)(6) or (7) of this section be completed. The semester credit hours may be obtained through a discrete course or offered through an integrated approach. If the course content is offered through integration, the institution of higher education must advise the board of the course(s) that contain the research and analysis content.

(g) The following types of introductory courses do not meet the accounting course definition in subsection (e) of this section:

- (1) elementary accounting;
- (2) principles of accounting;
- (3) financial and managerial accounting;
- (4) introductory accounting courses; and
- (5) accounting software courses.

(h) Any CPA review course offered by an institution of higher education or a proprietary organization shall not be used to meet the accounting course definition.

(i) CPE courses shall not be used to meet the accounting course definition.

~~[(j) An ethics course required in §511.58(d) of this chapter (relating to Definitions of Related Business Subjects and Ethics Courses) shall not be used to meet the accounting course definition in subsection (e) of this section.]~~

(j) [(k)] Accounting courses completed through an extension school of a board recognized educational institution may be accepted by the board provided that the courses are accepted for a business baccalaureate or higher degree conferred by that educational institution.

(k) Credits awarded for coursework taken through the following organizations and shown on a transcript from an institution of higher education may not be used to meet the requirements of this chapter:

- (1) American College Education (ACE);
- (2) Prior Learning Assessment (PLA);
- (3) Defense Activity for Non-Traditional Education Support (DANTES); and

#### (4) Defense Subject Standardized Test (DSST).

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## SUBCHAPTER F. EXPERIENCE REQUIREMENTS

### 22 TAC §511.122

The Texas State Board of Public Accountancy adopts on an emergency basis an amendment to §511.122 concerning Acceptable Work Experience.

#### Reasoned Justification

The credit received for the internship programs will apply to satisfy the requirement for work experience.

#### Statutory Authority

This emergency rulemaking is enacted pursuant to the authority granted in §2001.034 Texas Government Code.

The statute affected by this emergency rulemaking is Chapter 901 of the Texas Occupations Code.

#### §511.122. *Acceptable Work Experience.*

(a) Work experience shall be gained under the supervision of CPAs who are currently licensed and in good standing with this board or with another state board of accountancy as defined in §511.124 of this chapter (relating to Acceptable Supervision), and who is experienced in the non-routine accounting area assigned to the applicant.

(b) Non-routine accounting involves attest services as defined in §501.52(4) of this title (relating to Definitions), or professional accounting services or professional accounting work as defined in §501.52(22) of this title, and the use of independent judgment, applying professional accounting knowledge and skills to select, correct, organize, interpret, and present real-world data as accounting entries, reports, statements, and analyses extending over a diverse range of tax, accounting, assurance, and control situations.

(c) Acceptable work experience shall be gained in the following categories or in any combination of these:

(1) Client practice of public accountancy. All client practice of public accountancy experience shall be of a non-routine accounting nature which continually requires independent thought and judgment on important accounting matters and the applicant is supervised, evaluated and reviewed by a CPA who is currently licensed and in good standing in a properly licensed CPA firm that is in good standing with the firm's licensing board.

(2) Unlicensed business entity. Work experience gained in an unlicensed business entity shall be of a non-routine accounting nature which continually requires independent thought and judgment on important accounting matters and the applicant is supervised, evaluated

and reviewed by a CPA who is currently licensed and in good standing. Unlicensed business entity experience may include, but is not limited to:

- (A) providing management or financial advisory or consulting services;
- (B) preparing tax returns;
- (C) providing advice in tax matters;
- (D) providing forensic accounting services;
- (E) providing internal auditing services; and
- (F) business valuation services.

(3) Industry practice. All work experience gained in industry shall be internal to the organization and of a non-routine accounting nature which continually requires independent thought and judgment on important accounting matters and may include: providing management or financial advisory internal services; preparing tax returns; providing advice in tax matters; providing forensic accounting services; and providing internal auditing services.

(A) Examples of industries may include, but are not limited to:

- (i) commercial business enterprise;
- (ii) non-profit/charitable organization;
- (iii) financial institution; and
- (iv) health care entity.

(B) Acceptable industry work experience positions may include, but are not limited to:

- (i) internal auditor;
- (ii) staff, senior, fund or tax accountant;
- (iii) accounting, financial or accounting systems analyst; and
- (iv) controller.

(4) Government practice. All work experience gained in government shall be of a non-routine accounting nature which continually requires independent thought and judgment on important accounting matters and which meets the criteria in subparagraphs (A) - (E) of this paragraph. The board will review on a case-by-case basis experience which does not clearly meet the criteria identified in subparagraphs (A) - (E) of this paragraph. Acceptable government work experience includes, but is not limited to:

- (A) employment in state government as an accountant or auditor at Salary Classification B14 or above, or a comparable rating;
- (B) employment in federal government as an accountant, auditor or IRS revenue agent;
- (C) employment as a special agent accountant with the Federal Bureau of Investigation or equivalent position at a governmental entity;
- (D) military service, as an accountant or auditor as a Second Lieutenant or above; and
- (E) employment with other governmental entities as an accountant or auditor.

(5) Law firm practice. All work experience gained in a law firm shall be of a non-routine accounting nature which continually requires independent thought and judgment on important accounting

matters comparable to the experience ordinarily found in a CPA firm, shall be under the supervision of a CPA or an attorney, and shall be in one or more of the following areas:

- (A) tax-planning, compliance and litigation; and
  - (B) estate planning.
- (6) Education.

(A) Internal work experience gained at an educational institution shall be of a non-routine accounting nature which continually requires independent thought and judgment on important accounting matters and may include: providing management or financial advisory internal services; preparing tax returns; providing advice in tax matters; providing forensic accounting services; and providing internal auditing services without an opinion.

(B) Work experience gained as an instructor at an educational institution may qualify if evidence is presented showing independent thought and judgment was used on non-routine accounting matters. Only the teaching of upper division courses on a full-time basis may be considered. All experience shall be supervised by the department chair or a faculty member who is a CPA.

(7) Internship. The board will consider, on a case-by-case basis, experience acquired through an approved accounting internship program, provided that the experience was non-routine accounting as defined by subsection (b) of this section. ~~[If an accounting internship course is counted toward fulfilling the education requirement to take the UCPAE, the internship may not be used to fulfill the work experience requirement.]~~

(8) Other. Work experience gained in other positions may be approved by the board as experience comparable to that gained in the practice of public accountancy under the supervision of a CPA upon certification by the person or persons supervising the applicant that the experience was of a non-routine accounting nature which continually required independent thought and judgment on important accounting matters.

(9) Self-employment may not be used to satisfy the work experience requirement unless approved by the board.

The agency certifies that legal counsel has reviewed the adoption and found it to be a valid exercise of the agency's legal authority.

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## SUBCHAPTER H. CERTIFICATION

### 22 TAC §511.161

The Texas State Board of Public Accountancy adopts on an emergency basis an amendment to §511.161 concerning Qualifications for Issuance of a Certificate.

Reasoned Justification

The Board has removed the 3 semester hours of an ethics course in order to take the UCPAE with 120 hours. The proposed rule revision makes it clear that the 3 hours of ethics course work is required in order to become licensed and certified.

#### Statutory Authority

This emergency rulemaking is enacted pursuant to the authority granted in §2001.034 Texas Government Code.

The statute affected by this emergency rulemaking is Chapter 901 of the Texas Occupations Code.

#### §511.161. *Qualifications for Issuance of a Certificate.*

The certificate of a CPA shall be granted by the board to an applicant who qualifies under the current Act and has met the following qualifications:

- (1) successfully completed the UCPAE;
- (2) met the education requirements in §511.164 of this chapter (relating to Definition of 150 Semester Hours to Qualify for Issuance of a Certificate);
- (3) successfully completed a 3-semester hour board-approved ethics course as defined by §511.164 of this chapter;
- (4) [~~3~~] submitted an application prescribed by the board;
- (5) [~~4~~] submitted the requisite fee, set by the board, for issuance of the certificate;
- (6) [~~5~~] provided evidence of a lack of a history of dishonest or felonious acts or any criminal activity that might be relevant to the applicant's qualifications;
- (7) [~~6~~] completed the fingerprint process that accesses the Federal Bureau of Investigation (FBI) and the Texas Department of Public Safety - Crime records division files;
- (8) [~~7~~] submitted, on a form prescribed by the board, evidence of completion of the work experience requirements commensurate with the education requirements;
- (9) [~~8~~] executed an oath of office stating support of the Constitution of the United States and of this state and the laws thereof, and compliance with the board's Rules of Professional Conduct;
- (10) [~~9~~] an applicant who has completed a board-approved ethics course more than two years prior to the date of submitting an application for issuance of a CPA certificate must complete a board-approved four-hour ethics course of comprehensive study on the board's Rules of Professional Conduct;
- (11) [~~10~~] successfully completed the examination on the board's Rules of Professional Conduct; and
- (12) [~~11~~] provided any other information requested by the board.

The agency certifies that legal counsel has reviewed the emergency adoption and found it to be within the state agency's legal authority to adopt.

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## 22 TAC §511.164

The Texas State Board of Public Accountancy adopts on an emergency basis new rule §511.164 concerning Definition of 150 Semester Hours to Qualify for Issuance of a Certificate.

#### Reasoned Justification

This proposed new rule establishes the criteria for obtaining a license and certificate to become a CPA in Texas. It establishes the number of upper level accounting courses required at 27 plus a three-hour ethics course, maintains the advanced business course hours at 24 semester hours, maintains the minimum number of semester hours at 150, maintains the 3 semester hours of accounting or business ethics course work and identifies course work that does not qualify a candidate to become licensed and certified.

#### Statutory Authority

This emergency rulemaking is enacted pursuant to the authority granted in §2001.034 Texas Government Code.

The statute affected by this emergency rulemaking is Chapter 901 of the Texas Occupations Code.

#### §511.164. *Definition of 150 Semester Hours to Qualify for Issuance of a Certificate.*

(a) To qualify for the issuance of a CPA certificate, an applicant must hold at a minimum a baccalaureate degree, conferred by a board-recognized institution of higher education as defined by §511.52 of this chapter (relating to Recognized Institutions of Higher Education), and have completed the board-recognized coursework identified in this section:

(1) no fewer than 27 semester hours or quarter-hour equivalents of upper level accounting courses as defined by §511.57 of this chapter (relating to Qualified Accounting Courses to take the UCPAE) or §511.60 of this chapter (relating to Qualified Accounting Courses Prior to January 1, 2024 to take the UCPAE);

(2) no fewer than 24 semester hours or quarter-hour equivalents of upper level related business courses, as defined by §511.58 of this chapter (relating to Definitions of Related Business Subjects to take the UCPAE);

(3) a three-semester-hour board-approved standalone course in accounting or business ethics. The course must be taken at a recognized educational institution and should provide students with a framework of ethical reasoning, professional values, and attitudes for exercising professional skepticism and other behavior in the best interest of the public and profession. The ethics course shall:

(A) include the ethics rules of the AICPA, the SEC, and the board;

(B) provide a foundation for ethical reasoning, including the core values of integrity, objectivity, and independence; and

(C) be taught by an instructor who has not been disciplined by the board for a violation of the board's rules of professional conduct, unless that violation has been waived by the board; and

(4) academic coursework at an institution of higher education as defined by §511.52 of this chapter, when combined with paragraphs (1) - (3) of this subsection meets or exceeds 150 semester hours, of which 120 semester hours meets the education requirements defined by §511.59 of this chapter (relating to Definition of 120 Semester Hours to take the UCPAE). An applicant who has met paragraphs (1) - (3) of this subsection may use a maximum of 9 total semester credit hours of undergraduate or graduate independent study and/or internships as defined in §511.51(b)(4) or §511.51(b)(5) of this chapter (relating to Educational Definitions) to meet this paragraph. The courses shall consist of:

(A) a maximum of three semester credit hours of independent study courses; and

(B) maximum of six semester credit hours of accounting/business course internships.

(b) The following courses, courses of study, certificates, and programs may not be used to meet the 150-semester hour requirement:

(1) any CPA review course offered by an institution of higher education or a proprietary organization;

(2) remedial or developmental courses offered at an educational institution; and

(3) credits awarded for coursework taken through the following organizations and shown on a transcript from an institution of higher education may not be used to meet the requirement of this chapter:

(A) American College Education (ACE);

(B) Prior Learning Assessment (PLA);

(C) Defense Activity for Non-Traditional Education Support (DANTES); and

(D) Defense Subject Standardized Test (DSST).

(c) The hours from a course that has been repeated will be counted only once toward the required semester hours.

The agency certifies that legal counsel has reviewed the emergency adoption and found it to be within the state agency's legal authority to adopt.

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## CHAPTER 520. PROVISIONS FOR THE FIFTH-YEAR ACCOUNTING STUDENTS SCHOLARSHIP PROGRAM

### 22 TAC §520.1

The Texas State Board of Public Accountancy adopts on an emergency basis an amendment to §520.1 concerning Authority and Purpose.

Reasoned Justification

Recent legislation eliminated the restriction that the scholarship fund would only be available to fifth year accounting students. The rule is proposed to be amended to delete any reference to "fifth year" students.

#### Statutory Authority

This emergency rulemaking is enacted pursuant to the authority granted in §2001.034 Texas Government Code.

The statute affected by this emergency rulemaking is Chapter 901 of the Texas Occupations Code.

#### §520.1. Authority and Purpose.

(a) Authority for this chapter is provided in Subchapter D, §901.155 of the Act, which is titled Scholarship Trust Fund for [Fifth-Year] Accounting Students. This chapter establishes procedures to administer the [fifth-year] accounting students scholarship program.

(b) The purpose of the [fifth-year] accounting students scholarship program is to provide financial assistance to students intending to take the UCPAE conducted for the purpose of obtaining a CPA certificate and thus increase the number of highly trained and educated CPAs available to serve the residents of this state.

The agency certifies that legal counsel has reviewed the emergency adoption and found it to be within the state agency's legal authority to adopt.

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### 22 TAC §520.3

The Texas State Board of Public Accountancy adopts on an emergency basis an amendment to §520.3 concerning Institutions.

#### Reasoned Justification

Recently adopted legislation revises the Fifth Year Accounting Student Scholarship Fund, as provided in the Public Accountancy Act, to open up the scholarship fund to accounting students with 15 hours of upper level accounting courses. Currently an accounting student must be in their fifth year of accounting.

#### Statutory Authority

This emergency rulemaking is enacted pursuant to the authority granted in §2001.034 Texas Government Code.

The statute affected by this emergency rulemaking is Chapter 901 of the Texas Occupations Code.

#### §520.3. Institutions.

(a) Eligibility.

(1) Any college or university defined as a public, private or independent institution of higher education by Texas Education Code, §61.003 that offers the courses required by §§511.57, 511.58 and 511.60 of this title (relating to Qualified Accounting Courses to take the UCPAE, Definitions of Related Business Subjects to take the

UCPAE [and Ethics Courses] and Qualified Accounting Courses Prior to January 1, 2024 to take the UCPAE), is eligible to participate in the [fifth-year] accounting students scholarship program.

(2) No institution may, on the grounds of race, color, national origin, gender, religion, age or disability exclude a student from participation in or deny the benefits of the program described in this chapter.

(3) Each participating institution must follow the Civil Rights Act of 1964, Title VI (Public Law 88-353) in avoiding discrimination in admissions.

(b) Approval.

(1) Each approved institution must enter into an agreement with the board, the terms of which shall be prescribed by the executive director.

(2) An institution must be approved by April 1 in order for qualified students enrolled in that institution to be eligible to receive scholarships in the following fiscal year beginning September 1st.

(c) Responsibilities.

(1) Probation Notice. If the institution is placed on public probation by its accrediting agency, it must immediately advise scholarship recipients of this condition and maintain evidence in each student's file to demonstrate that the student was so informed.

(2) Disbursements to Students.

(A) The institution must maintain records to prove the disbursement of program funds to the student or the crediting of such funds to the student's school account.

(B) If the executive director has reason to believe that an institution has disbursed funds for unauthorized purposes, the institution will be notified and offered an opportunity for a hearing pursuant to the applicable procedures outlined in Chapter 519 of this title (relating to Practice and Procedure) and the rules of procedure of SOAH. Thereafter, if the board determines that funds have been improperly disbursed, the institution shall become responsible for restoring the funds to the board. No further disbursements of scholarship funds shall be permitted to students at that institution until the funds have been repaid.

(d) Reporting.

(1) All institutions must meet board reporting requirements. Such reporting requirements shall include reports specific to allocation of scholarship funds as well as progress and year-end reports.

(2) Penalties for Late Reports.

(A) The executive director may penalize an institution by reducing its allocation of funds in the following year by up to 10 percent for each progress report that is postmarked or submitted electronically more than a week (seven (7) calendar days) late.

(B) The executive director may assess more severe penalties against an institution if any report is received by the board more than one month (thirty (30) calendar days) after its due date. The maximum penalty for a single year is 30 percent of the school's allocation. If penalties are invoked two consecutive years, the institution may be penalized an additional 20 percent.

(3) If the executive director determines that a penalty is appropriate, the institution will be notified by certified mail, addressed to the program officer. Within 21 days from the date that the program officer receives the written notice, the institution must submit a written

response appealing the board's decision, or the penalty shall become final and no longer subject to an appeal. An appeal under this section will be conducted in accordance with the rules provided in the applicable sections of Chapter 519 of this title and the procedural rules of SOAH.

(e) Program Reviews. If selected for such by the board, participating institutions must submit to program reviews of activities related to the [fifth-year] accounting students scholarship program.

The agency certifies that legal counsel has reviewed the proposal and found it to be within the state agency's legal authority to adopt.

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For further information, please call: (512) 305-7866



## 22 TAC §520.4

The Texas State Board of Public Accountancy adopts on an emergency basis an amendment to §520.4 concerning Eligible Students.

### Reasoned Justification

Recently adopted legislation increases the availability of the scholarship fund to more accounting students. To be eligible, the student may be an undergraduate student. The proposed rule makes it clear that a student is not eligible if they already have sufficient hours to be certified.

### Statutory Authority

This emergency rulemaking is enacted pursuant to the authority granted in §2001.034 Texas Government Code.

The statute affected by this emergency rulemaking is Chapter 901 of the Texas Occupations Code.

### §520.4. Eligible Students.

(a) To receive funds [~~is a student must~~]:

(1) an undergraduate student majoring in accounting must be enrolled at least half-time at an approved institution in Texas that is participating in the scholarship program, and attending consecutive semesters or in the final semester of the degree; or

(2) [(+)] a graduate student majoring in accounting must be enrolled [on] at least [a] half-time [basis] or in the final semester of the degree at an approved institution in Texas that is participating in the scholarship program.

~~[(2) maintain satisfactory academic progress in the program of study as defined by the institution;]~~

~~[(3) have completed at least 120 credit hours of college work, including at least 15 hours of accounting;]~~

~~[(4) sign a written statement confirming the intent to take the examination conducted by or pursuant to the authority of the board for the purpose of obtaining a certificate of "certified public accountant" in Texas;]~~

{(5) agree to pay on demand all scholarship funds received if the student does not sit for at least one part of the exam within three years of submitting the application of intent, unless the executive director grants an extension of the three-year requirement upon a showing of good cause;}

{(6) agree that failure to comply with paragraph (5) of this subsection may cause the board to take measures necessary to enforce the repayment of the scholarship including bringing a civil suit in state district court;}

{(7) confirm that the Application of Intent has not been approved or that the applicant has not been approved to take the CPA examination in Texas or another jurisdiction;}

{(8) maintain a cumulative grade point average, as determined by the institution, that is equal to or greater than the grade point average required by the institution for graduation;}

{(9) be a resident of Texas; and}

{(10) have a statement on file with the institution of higher education indicating the student is registered with the Selective Service System as required by federal law or is exempt from Selective Service registration under federal law.}

(b) To receive funds, a student must:

(1) maintain satisfactory academic progress in the program of study as defined by the institution;

(2) have completed at least 15 semester hours of upper-level accounting coursework;

(3) sign a written statement confirming the intent to take the examination conducted by or pursuant to the authority of the board for the purpose of obtaining a certificate of "certified public accountant" in Texas;

(4) agree to pay on demand all scholarship funds received if the student does not take at least one part of the exam within three years of submitting the application of intent, unless the executive director grants an extension of the three-year requirement upon a showing of good cause;

(5) agree that failure to comply with paragraph (4) of this subsection may cause the board to take measures necessary to enforce the repayment of the scholarship including bringing a civil suit in state district court;

(6) confirm that the applicant submitted an Application of Intent and has not met the educational requirements for certification in Texas;

(7) maintain a cumulative grade point average, as determined by the institution, that is equal to or greater than the grade point average required by the institution for graduation;

(8) be a resident of Texas; and

(9) have a statement on file with the institution of higher education indicating the student is registered with the Selective Service System as required by federal law or is exempt from Selective Service registration under federal law.

(c) [(b)] In selecting recipients the Program Officer shall consider at a minimum the following factors relating to each applicant:

(1) the applicant's financial need, which may be based on but not limited to the cost of the applicant attending school less family contribution and any gift aid (an award may not exceed the applicant's need nor be less than the amount calculated in accordance with the formula provided institutions in the application instructions);

(2) scholastic ability and performance as measured by the student's cumulative college grade point average as determined by the institution in which the student is enrolled; and

(3) ethnic or racial minority status.

The agency certifies that legal counsel has reviewed the emergency adoption and found it to be within the state agency's legal authority to adopt.

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## 22 TAC §520.5

The Texas State Board of Public Accountancy adopts on an emergency basis an amendment to §520.5 concerning Award Amounts and Uses.

### Reasoned Justification

The proposed rule establishes the period of a scholarship to be no more than three years.

### Statutory Authority

This emergency rulemaking is enacted pursuant to the authority granted in §2001.034 Texas Government Code.

The statute affected by this emergency rulemaking is Chapter 901 of the Texas Occupations Code.

### §520.5. Award Amounts and Uses.

(a) Funds awarded through this program may include any gifts, grants and donations of real or personal property from any entity, subject to limitations or conditions set by law, for the purposes of this chapter.

(b) Award Amount and Disbursements.

(1) The minimum and maximum annual award for a student through this program shall be an amount established by the board and announced to institutions in the allocation announcement sent out for the relevant year.

(2) An individual student's scholarship shall be paid out in the form of at least one disbursement per semester.

(c) No scholarship disbursed to a student shall be used for any purpose other than for meeting the cost of attending an approved institution.

(d) The duration of the scholarship shall be a maximum of three years awarded by semester or term.

(e) [(d)] At the time an award is made to a student, it shall not exceed the student's need.

The agency certifies that legal counsel has reviewed the emergency adoption and found it to be within the state agency's legal authority to adopt.

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