

Memorandum

AEC Agenda Item III.
June 23, 2010

To : AEC Members

Date : May 28, 2010

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Subject : Informational Memorandum on SB 819's Impact on Mobility

At the Accounting Education Committee's (AEC) April meeting, members discussed the impact the new licensure requirements taking effect January 1, 2014 could have on mobility. Although the topic of mobility was not a directive placed on the AEC by the California Board of Accountancy (CBA), in order to be responsive to members' request for additional information on the effects Senate Bill (SB) 819 had on mobility, this memorandum is being provided.

The primary purpose behind the elimination of Pathway 1 (the 120-unit licensure pathway), as brought on by the passage of SB 819, was to ensure that California maintained its National Association of State Boards of Accountancy's (NASBA) designation as a "substantially equivalent" state. NASBA determines substantial equivalency nationally by evaluating states' examination, education, and experience requirements. Had California maintained both Pathway 1 and Pathway 2 (the 150-unit requirement), NASBA indicated that California would no longer be deemed substantially equivalent. The loss of this designation would have greatly impacted California CPAs' ability to obtain practice rights in other states.

With the passage of SB 819 and the elimination of Pathway 1, California is assured of retaining its NASBA designation of substantial equivalency. All CPAs licensed prior to January 1, 2014 will be deemed substantially equivalent, whether they were licensed under the existing pathways or prior to the advent of pathways in 2002, thus greatly simplifying licensees' ability to obtain practice rights in other states.

Staff would like to point out that at its upcoming October 2010 conference, the CBA will be discussing the topic of mobility.