



# Common Sense Initiative

**Mike DeWine**, Governor  
**Jon Husted**, Lt. Governor

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## Business Impact Analysis

Agency, Board, or Commission Name: Accountancy Board of Ohio

Rule Contact Name and Contact Information:

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Regulation/Package Title (a general description of the rules' substantive content):

Conditional application to sit for the CPA examination

Rule Number(s): 4701-3-06

Date of Submission for CSI Review: 02/18/2020

Public Comment Period End Date: 03/14/2020

**Rule Type/Number of Rules:**

- |  |   |
|--|---|
| <input type="checkbox"/> New/___ rules                                       | <input type="checkbox"/> No Change/___ rules (FYR? ___) |
| <input checked="" type="checkbox"/> Amended/ <u>1</u> rules (FYR? <u>N</u> ) | <input type="checkbox"/> Rescinded/___ rules (FYR? ___) |

The Common Sense Initiative is established in R.C. 107.61 to eliminate excessive and duplicative rules and regulations that stand in the way of job creation. Under the Common Sense Initiative, agencies must balance the critical objectives of regulations that have an adverse impact on business with the costs of compliance by the regulated parties. Agencies should promote transparency, responsiveness, predictability, and flexibility while developing regulations that are fair and easy to follow. Agencies should prioritize compliance over punishment, and to that end, should utilize plain language in the development of regulations.

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### Reason for Submission

1. R.C. 106.03 and 106.031 require agencies, when reviewing a rule, to determine whether the rule has an adverse impact on businesses as defined by R.C. 107.52. If the agency determines that it does, it must complete a business impact analysis and submit the rules for CSI review.

Which adverse impact(s) to businesses has the agency determined the rule(s) create?

The rule:

- \_\_\_\_\_ a. Requires a license, permit, or any other prior authorization to engage in or operate a line of business.
- \_\_\_\_\_ b. Imposes a criminal penalty, a civil penalty, or another sanction, or creates a cause of action for failure to comply with its terms.
- \_\_\_\_\_ c. Requires specific expenditures or the report of information as a condition of compliance.
- \_\_\_\_\_ d. Is likely to directly reduce the revenue or increase the expenses of the lines of business to which it will apply or applies.

### Regulatory Intent

2. Please briefly describe the draft regulation in plain language.

*Please include the key provisions of the regulation as well as any proposed amendments.*

Rule 4701-3-06 is a rule that pertains to the process by which a candidate applying to take the CPA examination may do so prior to meeting the educational requirements listed in ORC 4701.06 (Requirements for CPA certificate) and rule 4701-3-09 (CPA examination educational requirements).

3. Please list the Ohio statute(s) that authorize the agency, board or commission to adopt the rule(s) and the statute(s) that amplify that authority.

4701.06 (Requirements for CPA certificate) is the statutory authority for this rule.

4. Does the regulation implement a federal requirement? Is the proposed regulation being adopted or amended to enable the state to obtain or maintain approval to administer and enforce a federal law or to participate in a federal program?

*If yes, please briefly explain the source and substance of the federal requirement.*

This rule does not implement a federal requirement.

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- 5. If the regulation includes provisions not specifically required by the federal government, please explain the rationale for exceeding the federal requirement.**

Not applicable to this rule.

- 6. What is the public purpose for this regulation (i.e., why does the Agency feel that there needs to be any regulation in this area at all)?**

The rule creates an alternate process by which students who are finalizing their educational requirements to sit for the CPA examination can apply to sit and sit for the CPA examination prior to obtaining their 150<sup>th</sup> educational credit. This allows candidates to apply and sit for the exam as close to the end of their education as possible, which is correlated to better CPA examination outcomes.

- 7. How will the Agency measure the success of this regulation in terms of outputs and/or outcomes?**

Candidates who can take the CPA examination under rule 4701-3-06 and subsequently become Ohio CPAs will be a marker of the rule's intended success.

- 8. Are any of the proposed rules contained in this rule package being submitted pursuant to R.C. 101.352, 101.353, 106.032, 121.93, or 121.931?**

*If yes, please specify the rule number(s), the specific R.C. section requiring this submission, and a detailed explanation.*

No.

### **Development of the Regulation**

- 9. Please list the stakeholders included by the Agency in the development or initial review of the draft regulation.**

*If applicable, please include the date and medium by which the stakeholders were initially contacted.*

The Board heard from the National Association of State Boards of Accounting regarding the need to modify this rule in line with their procedures for CPA exam score release.

- 10. What input was provided by the stakeholders, and how did that input affect the draft regulation being proposed by the Agency?**

The OSCPA provided positive feedback regarding this rule's creation in 2019, with individual stakeholders making similar supportive comments.

- 11. What scientific data was used to develop the rule or the measurable outcomes of the rule? How does this data support the regulation being proposed?**

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Scientific data was not used to develop this rule. However, data collected from NASBA shows that those who sit for the CPA exam closer to the time of meeting educational requirements to apply for the exam have better outcomes (higher pass rates, higher scores).

**12. What alternative regulations (or specific provisions within the regulation) did the Agency consider, and why did it determine that these alternatives were not appropriate? If none, why didn't the Agency consider regulatory alternatives?**

At this time, there are no alternative regulations (or specific provisions within the regulations) to be considered.

**13. Did the Agency specifically consider a performance-based regulation? Please explain. *Performance-based regulations define the required outcome, but don't dictate the process the regulated stakeholders must use to achieve compliance.***

The Board did not see an application for the rule in this package to be performance based.

**14. What measures did the Agency take to ensure that this regulation does not duplicate an existing Ohio regulation?**

There is no other agency that regulates the practice of public accounting in Ohio.

**15. Please describe the Agency's plan for implementation of the regulation, including any measures to ensure that the regulation is applied consistently and predictably for the regulated community.**

The Board will continue to use its web site and Facebook page to educate and update licensees on its rules. The OSCPA also ensures that new rules and rule changes are provided to their members through communications and continuing education opportunities. Staff training is conducted to ensure that regulations are applied consistently and predictably.

**Adverse Impact to Business**

**16. Provide a summary of the estimated cost of compliance with the rule. Specifically, please do the following:**

**a. Identify the scope of the impacted business community; and**

This rule will impact those looking to sit for the CPA examination just prior to completing educational requirements.

**b. Identify the nature of all adverse impact (e.g., fees, fines, employer time for compliance,); and**

Those to wish to sit for the CPA examination must apply for the exam and pay an application fee and testing fee.

**c. Quantify the expected adverse impact from the regulation.**

*The adverse impact can be quantified in terms of dollars, hours to comply, or other factors; and may be estimated for the entire regulated population or for a*

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*“representative business.” Please include the source for your information/estimated impact.*

There is no quantifiable adverse impact. The intent of this rule is to lessen adverse impact by creating a means for applicants for the CPA exam to sit as early as possible and take advantage of any potential benefit of taking the exam as close to the time of qualification as possible.

**17. Why did the Agency determine that the regulatory intent justifies the adverse impact to the regulated business community?**

By maintaining these educational requirements, the Board is ensuring the ability of Ohio CPA exam candidates to successfully complete the CPA examination as quickly as possible and become licensed as quickly as possible. Ohio credentials indicate compliance with recognized professional standards and allow its candidates to obtain licensure in any substantially equivalent jurisdiction.

**Regulatory Flexibility**

**18. Does the regulation provide any exemptions or alternative means of compliance for small businesses? Please explain.**

There are no specific exemptions or alternative means of compliance outlined in the rules for small businesses.

**19. How will the agency apply Ohio Revised Code section 119.14 (waiver of fines and penalties for paperwork violations and first-time offenders) into implementation of the regulation?**

Paperwork violations are not applicable to this rules package.

**20. What resources are available to assist small businesses with compliance of the regulation?**

The Board’s website provides information regarding the rules. The website also provides contact information for all staff members of the board. Board staff personally answers each phone call, email, and correspondence sent to the Board.