

August 22, 2025

Mr. J. Randel (Jerry) Hill
General Counsel
Texas State Board of Public Accountancy
505 E. Huntland Drive, Suite 380
Austin, Texas 78752

via email: jhill@tsbpa.texas.gov

RE: Texas Society of Certified Public Accountants Comments on Proposed TSBPA Rules

Dear Mr. Hill,

The Texas Society of Certified Public Accountants (TXCPA) is a nonprofit, voluntary professional organization representing more than 28,000 members. The TXCPA appreciates the opportunity to comment on the rules that have been proposed by the Texas State Board of Public Accountancy (TSBPA) recently published in the Texas Register.

TXCPA was instrumental in advocating for Senate Bill 262 (CPA pathways legislation) during the 89th Session. TXCPA has been advocating for and seeking solutions to the CPA pipeline issue for many years, working closely with national organizations, other state CPA societies, educators, practitioners, candidates, and students.

The rules proposed are an important aspect of implementing Senate Bill 262 and TXCPA has a strong interest in insuring that the rules meet the legislative intent of SB 262, and equally important, are simple and straightforward for candidates/students, educators, and employers to understand and follow. TXCPA has long sought to remove any unnecessary barriers to CPA licensure.

Intent of Senate Bill 262

The intent of Senate Bill 262 was to create an additional pathway to CPA licensure while maintaining the existing educational pathway (150-hour pathway). The additional pathway to licensure was passed to enable a candidate to be eligible for a CPA certificate if the candidate completes a baccalaureate degree (or equivalent courses) as determined by Board rule, two years of work experience and passage of the Uniform CPA Examination. Senate Bill 262 does not contemplate that additional hours beyond a baccalaureate degree are required for licensure under the new pathway.

While TXCPA understands that different students have diverse needs, circumstances, educational needs, time, and financial commitments, SB 262 was passed to enable students to meet the educational requirements within a baccalaureate framework. The rules relating to SB 262 and the additional pathway need to recognize the legislative intent and the rules need to be adopted, and amended, that will ensure that universities can offer, and students can complete, the educational requirements with a bachelor's degree.

As a regulatory body, the Board is bound to implement - not expand upon - the Legislature's directive. Any rule that imposes requirements beyond the plain language of SB 262 risks exceeding statutory authority and could undermine legislative intent.

The intent was to create an additional pathway to CPA licensure that offered students an alternative option to maintain rigor and expand access beyond the traditional 150-hour pathway. Rules to accommodate the new pathway need to be varied to accommodate the difference between a bachelor's degree and 150 hours. Any rules that require a student to take more hours than can be completed within a bachelor's degree goes against the legislative intent of SB 262.

Proposed Rules

TXCPA recommends that the State Board engage in a thorough review of all the Board rules to ensure that rules are easy to understand, easy to follow, simple to explain to candidates, and do not include unnecessary burdens to licensure. TXCPA has heard from educators, practitioners, and candidates about the complicated nature of the rules, the difficulty in understanding the language and phraseology employed, the length of the rules, the lack of clarity, and the prescriptive nature of the rules.

Overly prescriptive rules not only create compliance burdens but also risk discouraging otherwise qualified candidates from pursuing licensure. In a competitive labor market, Texas cannot afford to lose talent to other jurisdictions that have clearer, more accessible rules.

Consistency with the Uniform Accountancy Act (UAA) is also critical for maintaining national mobility. If Texas rules diverge materially from other states, license portability and reciprocity could be jeopardized, creating significant administrative challenges for both licensees and firms with multistate practices.

§ 511.57 Courses in an Accounting Concentration to take the UCPAE and §511.59 Qualification for Issuance of a Certificate with not Fewer than 120 Semester Hours

Proposed Rules 511.57 and 511.59 address the qualifications to sit for the UCPAE (CPA exam) and to be licensed under the new pathway.

TXCPA strongly recommends that students who utilize the new pathway to licensure (bachelor's degree) should have to meet the same educational requirements to sit for the exam as to become licensed. Once a candidate is qualified to sit for the exam, no additional accounting coursework should be required for licensure. Mandating additional coursework beyond completion of a bachelor's degree contradicts the plain and unambiguous language and intent of SB 262. The additional pathway passed in Senate Bill 262 contemplates a rebalancing of the licensing requirements and not an equivalency to the traditional 150-hour pathway.

Under the new additional pathway, both the ability to test and the licensure requirement should require 24 hours of upper-level accounting. Candidates can take additional accounting or other coursework as they feel necessary, but a mandate to take coursework over and above courses

required under SB 262's bachelor's degree requirement is an unnecessary burden to licensure that SB 262 seeks to avoid. The 24 hours of upper-level accounting is consistent with the UAA model statute and the model rules. (<https://nasba.org/app/uploads/2018/02/UAA-Model-Rules---January-2018.pdf>)

§ 511.164 Qualifications for Issuance of a Certificate with not Fewer than 150 Semester Hours

TXCPA believes that proposed Rule 511.164 properly addresses accounting coursework (30 hours of upper-level accounting) for licensure under the 150-hour pathway. However, TXCPA has concerns with the reference back to Rule 511.57, which sets out the upper-level accounting coursework that is acceptable and the "buckets" of courses that must be completed under Rule 511.57(m) and (n). These specific requirements as to what courses must be completed and what number of hours must be taken from each "bucket" provide another burden to candidates on their path to licensure.

TXCPA's position is that it should be up to the approved and accredited institutions of higher education to determine which courses they advise students to take to give students the best chance of success. Mandating specific courses and credits from specific buckets makes the candidate experience cumbersome and difficult for professors to adequately advise students. Higher education institutions are in the best position to provide guidance to students on coursework. TXCPA proposes the elimination of "buckets" of courses and suggests that more emphasis should focus on the number of hours (24 or 30) that need to be completed and merely provide an illustrative list of coursework that will meet the hours requirements rather than mandated hours. During the transition period as more states move to individual mobility, it is vitally important that states attempt to be aligned in the educational requirements to become licensed. Differences in educational requirements can be a burden to licensees as they seek to become licensed in other states.

§ 511.59 and 511.164 Relating to Mandated Ethics Course to Become Licensed

TXCPA recommends the elimination of the separate and additional three-hour ethics requirement to become licensed. Accounting ethics is currently included in the core accounting coursework such as Audit and Tax 1 and Tax 2. While ethics courses are extremely important, it is equally important that students have a core accounting education that can be completed within a bachelor's degree as set out in SB 262. The elimination of the ethics requirement would open additional space within the upper-level accounting credits for the completion of other accounting coursework.

In place of a required ethics course to be included in the upper-level accounting framework, TXCPA recommends adding an ethics requirement outside of the traditional higher education environment. The current proposed rule contemplates an ethics course to be completed as part of the core accounting coursework but would take a candidate's total hours beyond a bachelor's degree. This is contrary to the legislative intent of SB 262, which unambiguously states that a license can be granted after the completion of a bachelor's degree. The proposed rule would mandate additional hours beyond a bachelor's degree, which is not permitted under SB 262.

Creating an ethics course outside of the higher education environment could include safeguards relating to content, scope, presentation, and topics. TXCPA is willing to work with the State Board on developing an alternative ethics course that provides a strong understanding of the State Board rules and will position candidates to get a better understanding of accounting ethics beyond what is already incorporated in many upper-level accounting courses.

Possible solutions to the ethics component could be to require an ethics course to be completed during the first CPE period following licensure or mandate an ethics course be completed before licensure, but not as part of the mandated coursework requirements.

Business Courses

The proposed rules decrease the number of required business courses for both the traditional 150-hour pathway and the new bachelor's pathway. The business hours are reduced from 24 hours to 21 hours under all pathways.

TXCPA proposes that all pathways require 24 hours of business coursework. Today's work environment and the CPA profession require individuals to be well-rounded professionals. Maintaining the number of business hours at 24 would better prepare candidates to face a myriad of business issues that will arise in their careers. Twenty-four hours of business courses is consistent with what is currently outlined in the UAA and model rules.

Transition Between Current and New Licensing Pathways

A significant issue has been raised by candidates and CPA firms about the licensing process for those students who are currently taking their required education – completing their bachelor's degree but have not yet completed or started the extra 30 hours – and have begun or are about to begin taking the CPA exam. The issue that arises is how to accommodate these students who are in between the current and new additional pathway and under what law they can become licensed.

Senate Bill 262 clearly states that a person can become licensed with a bachelor's degree and the required accounting coursework. The effective date of the legislation is August 1, 2026. Senate Bill 262 does not expressly address the issue of when a person completes the educational requirements, but only states when a person can receive a certificate of licensure under the additional pathway.

Currently, the process for licensure begins with an Application of Intent (AOI). The TSBPA considers the AOI filing date as the determinative date as to what law applies to licensure. Under normal circumstances when there was only the 150-hour pathway that has been in existence for many years, the date the AOI was filed did not have the significance it has during a time of transition between the current law and the soon-to-be enacted law. The AOI, pursuant to Rule 511.22, is intended to determine that candidates comply and are eligible to take the CPA exam. The actual issuance of the certificate is not tied to the AOI in law or in rule. Additionally, there is no legal requirement that a license must be conferred immediately upon passage of the exam and the completion of work experience.

Senate Bill 262 did not include any mandates or prohibitions on what TSBPA may do when it comes to transitioning between the current law and SB 262 with an 8/1/26 effective date. There is nothing in the law that would prevent the Board from adopting a rule or policy that would accommodate a later issuance of the certificate after 8/1/26 to accommodate those students who meet the SB 262 requirements for licensure today or before 8/1/26, but allowing them to get “officially licensed” after 8/1/26.

TXCPA recommends the State Board either adopt a rule or policy addressing students who have previously filed an AOI to allow them to retract a previously submitted AOI and to file a new AOI allowing for the completion of the educational requirements under the new pathway. Full licensure under the new pathway would not occur until after 8/1/26, but would allow students who have completed 120 hours, passed the exam, and completed two years of work experience to become formally licensed after 8/1/26. It has come to TXCPA’s attention that a sizable number of candidates currently working with CPA firms who are caught in between the current law and new law may well forego the extra 30 hours of education and not get licensed unless they could be afforded some transition relief. The added time commitments and expenses are barriers that SB 262 seeks to lessen. Allowing those students to delay the formal licensing requirement until 8/1/26 would benefit the CPA pipeline.

CPA Exam Review Courses

Proposed Rule 511.164 Qualifications for Issuance of a Certificate with not Fewer than 150 Semester Hours addresses the acceptance of CPA review courses to count towards licensing educational requirements.

The language is unclear as to whether the CPA review courses count towards upper-level accounting courses, business courses or some other category. TXCPA recommends that Rule 511.164 be amended to make it clear that CPA review courses should count towards three hours of accounting and three hours of business coursework.

Further clarification of Rule 511.164 is needed around the “board *may accept* not more than six hour or quarter hour equivalents upper-level CPA review coursework...” (emphasis added). The “may accept” language is unclear as to when the Board would and would not accept CPA review courses and what the standards are for accepting CPA review courses. The “may allow” standard raises many questions such as: What schools are approved and what schools are not approved to offer CPA review courses? How is the approval determined and what standards are utilized? Are there schools that have CPA review courses but are not Board-approved to offer them to students for credit?

Internships

As has become evident and clear in recent years surrounding the national discussion about the CPA pipeline, internships and work experience are extremely valuable real-life learning experiences that can benefit candidates.

The proposed rules for the additional pathway to licensure do not contemplate that internships are included in the educational component for licensure under the bachelor's pathway. TXCPA strongly recommends that three credit hours of accounting or business internship should be included in the upper-level business coursework under the new bachelor's pathway.

The current rules of the UAA contemplate that accounting and business internships are a critical component to the educational requirement to become a licensed CPA.

(<https://nasba.org/app/uploads/2018/02/UAA-Model-Rules—January-2018.pdf>) TXCPA urges the State Board to include an internship component in the business hours.

§513.11 Qualifications for Non-CPA Owners of Firm License Holders

Proposed Rule 513.11 changes the requirements that are attendant to Texas resident non-CPA firm owners. TXCPA does not have an issue with the changes in this proposed rule.

However, one critical issue needs to be addressed. The preamble to proposed rule 513.11 states that “The Board is proposing a revision to §513.11 to make it clear that a non-CPA firm owner must be a Texas resident. This is a statutory requirement.”

TXCPA believes that this preamble mischaracterizes Section 901.355, Texas Occupations Code, and mischaracterizes what is proposed in Rule 513.11. Neither the law nor the rules require non-CPAs to be Texas residents. The law and the rule contemplate that those who are Texas residents must meet certain requirements.

The mischaracterization of the preamble is causing significant confusion with CPA firms that are registered in Texas. Many regional and national firms may think that their non-CPA owners must be Texas residents, which is clearly not the case. The preamble to proposed Rule 513.11 needs to be clarified to ensure that firms are not out of compliance or making compliance errors.

TXCPA urges the State Board to clear up the ambiguity between the preamble and the proposed Rule 513.11. In addition, the State Board should consider providing an update on the website, if the rules are adopted, that clearly sets out the licensing requirements for firms with non-CPA owners.

§ Rule 523.113 Exemptions from CPE

Proposed Rule 523.113 provides an exemption from CPE requirements for faculty members of an educational institution only when offering accounting services as a faculty member.

TXCPA is opposed to this exemption and urges the State Board to remove this exemption. Accounting professors are on the front lines of the CPA profession, and it is incumbent on accounting faculty and accounting programs to ensure that well-qualified individuals teach the next generation of CPAs. CPE provides enormous value to licensees, from being up to date on current laws, rules, and regulations, to learning about current trends and innovations in the profession, to providing a refresher in certain areas and disciplines. Removing the CPE

requirement for accounting faculty seems short-sighted and a diminution of the standards for teaching accounting.

Work Experience Requirement

Senate Bill 262 requires that the additional pathway to licensure include a two-year work requirement. The State Board has not yet reviewed the requirements associated with the two-year work requirement.

TXCPA strongly recommends that the State Board quickly convene meetings with practitioners, candidates, and others to learn more about what the two-year work requirement should look like under the additional pathway set out in SB 262. TXCPA recommends that the State Board explore what is happening in other states relating to the expansion of work experience to two years to determine best practices and current thinking. Achieving some consistency with other states around work experience will be beneficial to candidates and practitioners. Careful attention and consideration should be focused on what prior relevant work experience can be used to meet the two-year work requirement, the timeframe within which the two-year work requirements can be completed, what supervision is required, and how the two-year work requirement can be addressed for those students who are in the transition period and wanting to become licensed under the new additional bachelor's pathway.

In developing these future requirements, TXCPA urges the Board to align as closely as possible with UAA best practices, while providing flexibility for candidates whose relevant experience may include part-time work, government service, internships, or teaching assistantships. Without clear and flexible standards, Texas risks creating inconsistencies that could disadvantage both candidates and employers.

TSBPA Rules Process

TXCPA has concerns about the rules process undertaken by TSBPA. Rules are an important aspect of legislative implementation. When large profession-changing legislation is passed, the rules process is even more significant. While it is admirable that the State Board wants to adopt rules as soon as possible to give higher education sufficient time to implement new educational requirements, the process to get to where we are has been disjointed at best.

First, the proposed rules that were first addressed by the Qualifications Committee were not publicly available on the website or through the links associated with the agenda/meeting materials. Significant efforts had to be made to obtain copies of the draft rules to be prepared to understand and follow what was going to be discussed at the Qualifications Committee meetings. While TXCPA has the resources to track down draft rules, the public often does not have the ability to access those draft rules. Without being able to see the draft rules, public participation is extremely limited and difficult. We recommend that the State Board make all draft rules available on the website for the public to view so that public participation becomes a valuable exercise. Additionally, as all meetings now have a virtual option, we recommend that any rules that are discussed, especially in the Qualifications and Rules Committees meetings, be shown

(shared screen) virtually so that the public can follow what rules are being discussed and what changes are being considered. Without access to the draft rules or without the ability to see what is being discussed, the meetings are extremely difficult to follow.

Second, TXCPA strongly recommends that the State Board and the relevant committees consider creating an informal rules stakeholder group (comprised of educators, practitioners, TXCPA, and other interested parties) that can help the State Board, committees, and agency staff draft rules. It has been TXCPA's experience in working with other state agencies that many agencies create informal stakeholder groups to help the agency and staff draft rules, consider issues, raise concerns, and provide an opportunity to understand how the proposed rules might work in practice. This process of pre-vetting draft rules helps to provide more transparency in the rules drafting process.

As rules are moved forward to the committee stage, the committee can always make additional changes to the draft rules, but the committee meeting process will run much smoother and the public and interested parties will have a better participation experience. An informal stakeholder group does not need specific statutory authorization but is just a group formed by the relevant state agency to assist in rules drafting. The same public hearings and comment period laws and rules remain in effect for the adoption of the rules.

Conclusion

TXCPA commends the State Board and Board staff for their work on the proposed rules. TXCPA strongly recommends that the State Board and staff take another look at the rules to make sure that there is clarity and consistency throughout. There are many rules that are difficult to read and understand, both proposed and existing rules, and clarity and simplicity should be paramount. Students, educators, advisors, and practitioners all need to be able to easily understand the rules and be able to explain them without difficulty. Lack of clarity is an unnecessary burden that can slow down the candidate's experience.

Sincerely,

A handwritten signature in cursive script, appearing to read "W. Kelley".

Billy Kelley, CPA, TXCPA Chair

A handwritten signature in cursive script, appearing to read "Jodi Ann Ray".

Jodi Ann Ray, CAE, TXCPA President and CEO

A handwritten signature in black ink, appearing to read "Kenneth Besserman", with a long horizontal flourish extending to the right.

Kenneth Besserman, JD, TXCPA Director, Government Affairs and Special Counsel