



LD 1789, An Act to Amend the Education and Experience Requirements and Add Reciprocity Privileges in the Certified Public Accountancy Licensure Laws

In Support

May 7, 2025

Chair Bailey, Chair Mathieson, and Honorable Members of the Health Coverage, Insurance, and Financial Services Committee;

My name is Elizabeth Frazier, and I am pleased to submit this testimony on behalf of the Maine Society of Certified Public Accountants (MECPA) in support of LD 1789, An Act to Amend the Education and Experience Requirements and Add Reciprocity Privileges in the Certified Public Accountancy Licensure Laws. This proposal represents the culmination of several years of work to reduce barriers to licensing in the profession of Certified Public Accountants (CPAs) on both the regional and national level and supports a universal move toward promoting the profession, safeguarding adequate representation for consumers, and protecting the public interest by ensuring the services of competent, qualified professional CPAs.

These proposed changes to the accountancy licensing laws are intended to mirror the majority of states who are pursuing similar legislation, and is supported by our national trade organization, the American Institute of Certified Professional Accountants (AICPA). Our hope is that modernizing our statutes will help address a shortage of CPAs who play a key role in the financial success of businesses and thus the state's economic health. That shortage is particularly acute in the governmental accounting space, with municipalities struggling to find CPAs to conduct the audits and reviews required by law. By making the licensure process more flexible, we can help encourage competent, professional CPAs to make Maine their home and provide a much-needed financial service to Maine towns, individuals, and businesses.

In brief, the bill seeks to achieve these goals by making two changes to accountancy licensing:

1. Educational and experiential requirements to be eligible for initial licensure; and
2. Pathways to licensure for out-of-state individuals and firms on the basis of practice privilege reciprocity.

Below is a more detailed discussion of the changes proposed in LD 1789 and their rationale. We hope this committee will agree that encouraging and incentivizing competent, professional CPAs to Maine is an important endeavor worthy of your support.

Education and Experience

Education. With respect to the education requirements, these changes will align Maine to a national movement to clarify that a four-year degree is not necessary to be eligible to sit for the licensure exam. Rather, the requirement is clarified as a bachelor's degree or higher. The reason for this change is that some undergraduate universities are moving to a three or even two-year pathway that grants a bachelor's degree. The national accountancy organizations agree that removing a year-specific bachelor's degree requirement will future-proof the statutes and prohibit any barriers to licensure caused

by the existing four-year specification. By updating the four-year requirement to sit for a licensure exam, Maine may no longer lose applicants to New Hampshire and Massachusetts.

Experience. Changes to the required experience necessary to be eligible for a license reflect national changes to experience-based learning and supports an experience-based pathway. In brief, an individual may be eligible for a license if they fulfill one of the following requirements:

- Completion of a bachelor's degree and 2 years of experience;
- Completion of a master's or doctoral degree and 1 year of experience; or
- Completion of a bachelor's degree and 30 supplemental credit hours plus one year of experience.

Pathways to Licensure

The following pathways to licensure are intended for individuals and firms who have obtained a license in another jurisdiction and wish to practice in Maine. Under current law, those individuals and firms must receive a license on the basis of substantial equivalency, which requires the Board of Licensure in Accounting to decide that the licensing state's requirements are substantially equivalent to Maine's. Under our proposed changes, an individual or firm would be entitled to practice in Maine without a license so long as they meet the practice privilege reciprocity requirements proposed in the bill. These requirements are discussed in detail below.

Individuals. An individual may be eligible for practice privilege reciprocity if they hold an out-of-state license and:

1. Completed a bachelor's degree or higher;
2. Passed the Uniform Certified Public Accountant Examination; and
3. Meets one of the Education and Experience requirements outlined above.

These provisions ensure that the practice privilege reciprocity for individuals protects the public interest by requiring that their license eligibility is effectively the same as Maine. Additionally, those individuals would be subject to the personal and subject matter jurisdiction of the Maine Board of Accountancy Licensure.

Firms. A firm may be eligible for practice privilege reciprocity if they hold an out-of-state license as a certified public accountancy firm and if the state in which they hold the license requires certain criteria, including, but not limited to:

- The state timely and adequately addresses enforcements by a board of accountancy, makes the disciplinary history of licensees publicly available; and imposes discipline that is appropriate in light of the misconduct; and
- The state has in place and is operating pursuant to enforcement practices substantially equivalent to the best practices of a national association of state boards of accountancy and that the state has in place and implements licensure requirements including educational, examination, and experience that broadly meets or exceeds Maine's own requirements.

These provisions ensure that the firm requesting practice privilege reciprocity operates within the same guardrails as a Maine-based and licensed firm. Similar to the requirements for individuals, these firms

would be subject to the personal and subject matter jurisdiction of the Maine Board of Accountancy Licensure.

In short, MECPA believes that these revisions and updates to Maine's accountancy licensure laws will help promote the CPA profession in Maine, encourage young Mainers to pursue a CPA license, and increase the number of qualified, licensed CPAs practicing in Maine.

We urge the Taxation Committee to support LD 1789 with a unanimous Ought to Pass report, and we are happy to work with the committee to make any changes that may be necessary. Thank you for your consideration of this important policy initiative.

Sincerely,

Elizabeth M. Frazier, on behalf of the Maine Society of Certified Public Accountants (MECPA)