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Sequence
 Number: 03-01-21
 Notice ID(s): 3255
 File Date: 3/1/2021

Notice of Rulemaking Hearing

Hearings will be conducted in the manner prescribed by the Uniform Administrative Procedures Act, T.C.A. § 4-5-204. For questions and copies of the notice, contact the person listed below.

Agency/Board/Commission:	Tennessee State Board of Accountancy
Division:	Department of Commerce and Insurance Regulatory Boards Division
Contact Person:	Maria P. Bush
Address:	500 James Robertson Parkway, Nashville, TN
Zip:	37243
Phone:	615-741-3072
Email:	maria.p.bush@tn.gov

Any Individuals with disabilities who wish to participate in these proceedings (to review these filings) and may require aid to facilitate such participation should contact the following at least 10 days prior to the hearing:

ADA Contact:	Don Coleman
Address:	500 James Robertson Parkway, Nashville, TN 37243
Phone:	615-741-6500
Email:	Don.Coleman@tn.gov

Hearing Location:

Address 1:	500 James Robertson Parkway		
Address 2:	Conference Room 1A		
City:	Nashville, TN		
Zip:	37243		
Hearing Date :	Tuesday, May 4, 2021		
Hearing Time:	8:30 a.m.	<input checked="" type="checkbox"/> CST/CDT	<input type="checkbox"/> EST/EDT

Alternate Hearing Option (Only If the In-Person Hearing is Prohibited by Executive Order)

Method 1:	<p>If physical congregating in groups of 10 or more persons is prohibited by Executive Order or social distancing phase-in guidance issued by Governor Lee, then the hearing will not be held at the location above but will, instead, be held electronically by WebEx at the same date and time provided above. In that event, you may join by going to this link: https://tngov.webex.com/webappng/sites/tngov/meeting/download/64e2b21f5ebd4009bd7ca61a727df452?siteurl=tngov&MTID=m40572c7a9828dd1bc445478e7d0d3814</p> <p>Meeting number (access code): 185 397 2903 Meeting password: 2VPnPY5KSg3</p>
Method 2:	<p>Join by phone: 1-415-655-0003 Access code: 185 397 2903</p>

Revision Type (check all that apply):

- Amendment
- New
- Repeal

Rule(s) (ALL chapters and rules contained in filing must be listed. If needed, copy and paste additional tables to accommodate more than one chapter. Please enter only **ONE** Rule Number/Rule Title per row.)

Chapter Number	Chapter Title
0020-05	Continuing Education
Rule Number	Rule Title
0020-05-.03	Basic Requirements

Rules of the Tennessee State Board of Accountancy
Chapter 0020-05
Continuing Education

Amendment

0020-05-.03 Basic Requirements is amended by adding the following language so that, as amended, the rule shall read:

- (1) A license holder seeking regular biennial renewal shall, as a prerequisite for such renewal, show that he or she has completed no less than eighty (80) hours of qualified continuing professional education during the two (2) year period immediately preceding renewal, with a minimum of twenty (20) hours in each year with specifications as follows:
 - (a) All license holders shall complete at least forty (40) hours in technical fields of study;
 - (b) All license holders shall complete a board-approved two (2) hour state-specific ethics course designed to familiarize the licensee with accountancy law and rules as well as professional ethics;
 - (c) License holders engaged in the attest function, shall biennially complete at least twenty (20) hours in the subject areas of attest and accounting theory and practice in fulfilling the above requirements;
 - (d) License holders engaged to testify in a Tennessee court(s) as expert witnesses in areas of accounting, attest, management services, or tax shall have completed, within the current or most recent renewal period, at least twenty (20) hours in the subject area(s) (as noted in this paragraph) concerning such expert testimony; and
 - (e) Up to twenty-four (24) CPE hours taken in excess of the eighty (80) hour requirement for each two (2) year period may be applied to the requirement of the next succeeding two (2) year renewal cycle. License holders must submit certificates of completed CPE courses which will be used for carry forward as requested by the Board. Failure to do so will result in the disallowance of carry-forward hours.
- (2) A license holder seeking to renew an initial certificate issued less than two (2) years but more than one (1) year prior to expiration must provide evidence of having completed at least forty (40) hours of continuing education, of which twenty (20) hours shall be in technical fields of study. Of the forty (40) hours required, at least two (2) hours shall consist of a board-approved state-specific ethics course designed to familiarize the licensee with accountancy law and rules as well as professional ethics. Up to twelve (12) CPE hours taken in excess of the forty (40) hour requirement for the initial licensing period may be applied towards the requirement of the next succeeding two (2) year renewal. Licensees seeking to renew an initial certificate issued less than one (1) year prior to expiration will be exempt from CPE requirements for that renewal period.

- (3) Upon application supported by such evidence as the Board may require, those licensees not practicing in Tennessee, who do not perform or offer to perform for the public one (1) or more kinds of services involving the use of accounting or auditing skills, including the issuance of reports on financial statements or one or more kinds of management advisory, financial advisory or consulting services, or the preparation of tax returns or the furnishing of advice on tax matters, may be exempted from any continuing professional education requirements provided that:
- (a) For purposes of disciplinary action, the board shall retain jurisdiction over all certificate holders whose license is in inactive status.
 - (b) Certificate holders who are granted inactive status by the board shall be required to place the word "inactive" adjacent to their CPA or PA designation when using such designation for any lawful purpose, including, but not limited to use of such designation on any business card, letterhead, resume, or biography.
 - (c) A certificate holder who has been granted inactive status may not for compensation perform or offer to perform for the public, including the providing of any accounting service from a licensed accounting firm, any of the following services: any accounting or auditing service which involves the issuance of reports on financial statements (including opinions, reviews, compilations, or attest engagements), any consulting engagement which would constitute the attest function, or furnishing advice on tax matters.
 - (d) A certificate holder who has been granted inactive status may perform the services set forth in (c) above if:
 - 1. The services are provided without compensation to the certificate holder;
 - 2. The services are performed solely for the certificate holder's employer and such employer is not a licensed accounting firm; or
 - 3. The certificate holder does not use the CPA or PA designation in association with his or her name while providing such lawful services.
 - (e) A certificate holder who is 65 years old or older and possesses a certificate in inactive status shall not be required to pay the biennial license renewal fee required for licensees as set forth in these rules.
 - (f) Certificate holders who are granted inactive status must complete eighty (80) hours of CPE in technical fields of study during the twenty-four (24) month period preceding the date of their request for reactivation of their license. Of the eighty (80) hours required, at least two (2) hours shall consist of a board-approved state-specific ethics course designed to familiarize the licensee with accountancy law and rules as well as professional ethics. The CPE hours required to reactivate a license may also be used as credit toward the renewal requirement so long as those hours are completed within the two (2) year window prior to the licensee's next December 31 renewal date.
- (4) Licensees who surrender their licenses in good standing may reactivate a license by complying with the requirements of rule 0020-05-.03(3)(f).
- (5) Upon application supported by such evidence as the Board may require, licensees disabled for more than six (6) months or in active military service may be exempted from payment of a license renewal fee and/or CPE requirements so long as they do not practice public accountancy or offer accounting services to the public.
- (6) An applicant for renewal whose license has expired as set forth in Rule 0020-01-.08(7) shall complete no less than eighty (80) hours of CPE in technical fields of study during the six (6) month period preceding the date of reapplication. Of the eighty (80) hours required, at least

two (2) hours shall consist of a board-approved state-specific ethics course designed to familiarize the licensee with accountancy law and rules as well as professional ethics. The CPE hours required to reinstate an expired license are considered penalty hours and may not be used to offset the CPE hours required for renewal of a license.

- (7) A non-resident licensee seeking renewal of a license in this state shall meet the CPE requirement of this rule by meeting the CPE requirements for renewal of a license in the state in which the licensee's principal office is located.
- (a) Non-resident applicants for renewal shall demonstrate compliance with the CPE renewal requirements of the state in which the licensee's principal office is located by signing a statement certifying to that effect on the renewal application of this state.
 - (b) If the state in which a non-resident licensee's principal office is located has no CPE requirements for renewal of a license, the non-resident licensee must comply with all CPE requirements for renewal of a license in this state.
 - (c) If the state in which a non-resident licensee's principal office is located does not require a course in ethics, the non-resident licensee shall complete the ethics requirement for this state as set forth in rule 0020-05-.03(1)(b).

Authority: T.C.A. §§ 62-1-105, 62-1-107, and 62-1-111.

I certify that the information included in this filing is an accurate and complete representation of the intent and scope of rulemaking proposed by the agency.

Date: March 1, 2021

Signature: Maria P. Bush

Name of Officer: Maria P. Bush

Title of Officer: Associate Counsel

Department of State Use Only

Filed with the Department of State on: 3/1/2021

Tre Hargett

Tre Hargett
Secretary of State

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Authority: T.C.A. §§ 62-1-105, 62-1-107, and 62-1-111.

I certify that the information included in this filing is an accurate and complete representation of the intent and scope of rulemaking proposed by the agency.

Date: March 1, 2021

Signature: Maria P. Bush

Name of Officer: Maria P. Bush

Title of Officer: Associate Counsel

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Filed with the Department of State on: _____

Tre Hargett
Secretary of State