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Before the House Committee on Commerce and Consumer Protection
April 24, 2025
Hearing on SB 797-A – Board of Accountancy Agency Request Bill
Testimony of Haley Lyons, CPA, Board Chair, Board of Accountancy
and
Martin Pittioni, Executive Director, Board of Accountancy

Chair Rep. Sosa, Vice-Chairs Rep. Chaichi and Osborne, members of the Committee, for the record, my name is Haley Lyons, I am a CPA and Partner at Kernutt Stokes, a public accounting firm headquartered in Eugene with approximately 100 employees, and I currently serve as Board Chair for the Oregon Board of Accountancy (Board). Testifying with me is Martin Pittioni, who is serving as the Executive Director for the Board. Thank you for hearing SB 797-A, the Board's main legislative initiative addressing the CPA workforce pipeline, as well as updating the composition of the Board to reflect the current state of the profession and our licensure base.

Our Board statutes have not been comprehensively updated since 2015 and what is before you in SB 797-A is primarily a response by the Board to major workforce shortages facing the profession nationally, including in Oregon. According to the Integrated Postsecondary Education Data System (IPEDS), accounting degree completions fell by 17% from 75,153 in 2017–2018 to 62,318 in 2021–2022. In addition, in 2020 the American Institute of Certified Public Accountants (AICPA) estimated that 75% of the CPA workforce will meet retirement age within 15 years.

The reasons for this pipeline issue are complex. What we know is that we have a CPA service industry that is firing clients due to significant workforce capacity shortages limiting their ability to serve clients. That is a problem not just from an industry standpoint, that is a major problem for individuals, businesses and governmental entities needing to access CPA services. As such this Board views this pipeline issue also very much as a public protection issue.

On the regulatory side we know the profession's national switch to a 150-semester hour standard for CPA licensure about 20 years ago played a contributory role. According to a 2024 study by the MIT Sloan School of Management, this 30-semester hour increase of required university education led to a 14% decline in CPAs entering the field. This also disproportionally (26%) affected the ethnically diverse portion of the incoming pipeline. The increased price of the education requirement negatively impacted pipeline diversity.

The Board's proposed key policy response in SB 797-A would allow the Oregon Board of Accountancy (Board) to add additional CPA licensure pathway options including a Bachelor-level pathway (equivalent to 120 semester hours currently) in exchange for an additional year of supervised experience. This effectively restores the original pathway to CPA licensure as an additional option. The language in SB 797-A also provides the flexibility to move away from strict semester hour approaches and achieve a degree-based framework that can better adapt to changes in the higher education environment.

Critically, SB 797-A also makes corresponding updates to the mobility provisions for the profession to minimize disruptions from licensure pathway updates on the ability of CPAs to practice across state lines. This critical accomplishment of the profession, achieved as part of unifying the profession around a 150 semester hour standard (plus one year of experience and passage of the CPA Exam) must be protected to ensure access by the public to CPA services.

In addition, this measure also tweaks the language in statute for our inactive licensees which would allow inactive-level licensees to work in some capacity for a public accounting firm, and thus help public accounting firms to tap into that talent pool.

Finally, SB 797-A was also coordinated with the Governor's Office to tweak the requirements to be eligible for appointment to the Board. One key part here is that the Board has long had one reserved seat for a different level of licensure called Public Accountants (PAs), where at this time only 20 licensees are left in that pool. That is too small a pool to continue justifying a separate seat on the Board. SB 797-A broadly simplifies the requirements to be eligible for appointment to one of six professional positions on the Board by allowing any active-level licensee (CPA or PA) to apply and be considered by the Governor and proposed to the Senate for appointment.

Please be assured the Board's ask with SB 797-A does not represent an isolated ask to address the CPA workforce shortage. SB 797-A is part of a broad package of Board initiatives. That includes for one SB 796 which would propose using existing Board funds to fund accounting scholarships (work session tentatively scheduled in Ways and Means on May 12, 2025, together with HB 5001, the Board's budget bill, which contains a policy option package to fund SB 796). As exciting as all that is, it does not mean the Board is just now working on pipeline issues. In fact, the Board completed three aggressive and voluminous rounds of rulemaking in the 2023-25 biennium, using its existing statutory authority to remove or reduce the barriers for applicants for the exam, barriers for applicants for initial licensure, and barriers for existing licensees.

More specifically, the Board already accomplished all of the following by means of these rulemaking initiatives, while working to develop the language and policy before you in SB 797-A:

a. Switching Oregon CPA examination candidate application processing to the National Association of State Boards of Accountancy (NASBA), thus streamlining the candidate application process significantly, creating a one-stop shop.

b. Aligning CPA exam window calculation methodology with national practice, eliminating confusion and implementing a more candidate friendly approach.

c. Adoption of a 30-month *retroactive* CPA exam passage window, expanding by one year the amount of time candidates have in which to pass all sections of the exam.

d. Implementation of the nationally proposed Credit Relief Initiative (CRI), which restored CPA exam credits that expired during the COVID public health emergency.

e. Adoption of a transformative increase in the amount of allowable internship hours on a university transcript (to 12 semester hours / 18 quarter hours) that can be counted toward education requirement for initial licensure.

f. Implementation of 120-to-sit legislation (HB2523 – 2023), allowing CPA exam candidates to sit for the CPA exam sooner.

g. Updating our rules to align with a significantly updated national CPA exam (CPA evolution, in effect as of January 2024).

h. Adoption of CPE reciprocity easing renewals for those licensed in multiple states.

i. Complete overhaul of licensure reinstatement rules, aligning with regional neighbors and their standards.

j. Updating retired license status to permit work in public accounting firms to the same extent unlicensed staff can.

In that context, The Board also wants to provide assurance for the record that the proposed update to the definition of "principal place of business" needs to be read in the same context of reducing barriers. The Board's intent here is not to use the updated definition to create additional barriers. Rather, the intent of the Board here is to recognize that it needs the ability to define in rule what a principal place of business is outside the context of addressing issues of reciprocity and substantial equivalency (current statute limits the authority of the Board to that context.)

Just as important is how the rulemaking efforts above, and the policy proposals before you in SB 797-A, were developed by the Board. Since summer of 2022, the Board has built a strong, unified coalition in support of its policies, primarily through a painstaking and public Laws and Rules Committee and Board process drawing in local and regional stakeholders. That is why you see unified support for our work to an extent that is unparalleled in most other jurisdictions.

Given the fact that the CPA pipeline shortage is a national problem, it will not surprise you that SB 797-A has a lot of company, which has grown even more since consideration Senate side. The Governors of Ohio, Utah and Virgina have already signed their CPA licensure pathway updates similar to SB 797-A into law. 20 more jurisdictions are (as of April 8, 2025) considering bills like our SB 797-A (in alphabetical order: Alaska, California, Connecticut, Florida, Georgia, Hawaii, Iowa, Illinois, Indiana, Massachusetts, Minnesota, Montana, Nevada, New Mexico, New York, North Carolina, Oregon, South Carolina, Tennessee and Texas). In addition, Arkansas is moving rules similar to SB 797-A, and two more states are addressing CPA mobility only (Maryland by legislation, Washington by rule).

Until January of this year, the national leadership bodies of the profession (AICPA on the society / industry side and the National Association of State Boards of Accountancy - NASBA - on the regulatory side) were fractured with respect to the best way to update the CPA licensure pathway and protect CPA mobility. Compromise was reached in mid-February, just before the hearing on SB 797-A Senate side. While that compromise still needs to receive final language tweaks and requires completion of a national exposure draft process, what we can proudly put on the record is that the national compromise reflects the approach taken in Oregon's SB 797-A before you.

Finally, please note the Governor's Office and Oregon Office of Film and Video have requested a one-word tweak in the conforming amendments section of the bill to help them address the realities of accessing CPA services by removing a strict requirement to use Oregon CPAs to provide payroll services for films receiving a subsidy and replacing that with an optional "may" wording. We would respectfully request your support for the bill and the -3 amendments.

Thank you again for hearing this bill. We are happy to answer any questions from the committee.