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of Representatives for a vote.

Jason Bramwell • Mar. 22, 2023



The **Texas Senate unanimously passed a bill** on Tuesday that would lower the eligibility requirement for CPA candidates to sit for the CPA exam from 150 semester credit hours to 120. The bill now advances to the Texas House of Representatives for a vote.

Today, SB 159 (120 hours to test leg) passed unanimously out of the TX Senate! Thank you to [@electcharles](#), the TX Senate & Lt. Gov Patrick for

passing one of TXCPAs priority legislation items of this session, which will

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semester hours of ethics courses.

The bill, introduced by Republican Sen. Charles Perry who is a practicing CPA, would lower the semester credit hours requirement from 150 to 120.

88R2064 DIO-D

By: Perry

S.B. No. 159

A BILL TO BE ENTITLED
AN ACT

relating to education requirements for an applicant to take the uniform CPA examination.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Section 901.254, Occupations Code, is amended to read as follows:

Sec. 901.254. EDUCATION REQUIREMENTS. To be eligible to take the uniform CPA examination, an applicant must:

(1) hold a baccalaureate or graduate degree, or its equivalent as determined by board rule, conferred by a board-recognized institution of higher education; and

(2) complete at least 120 ~~[150]~~ semester hours or quarter-hour equivalents in board-recognized courses, including at least 24 semester hours of ~~[an]~~ accounting ~~[concentration]~~ or equivalent courses as determined by board rule.

SECTION 2. Section 901.254, Occupations Code, as amended by this Act, applies only to an application to take an examination submitted on or after the effective date of this Act. An application to take an examination submitted before the effective date of this Act is governed by the law in effect on the date the application was submitted, and the former law is continued in effect for that purpose.

SECTION 3. This Act takes effect September 1, 2023.

However, the 150-credit-hour rule for an individual to become licensed in Texas after passing the CPA exam would remain intact.

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- (1) satisfy the requirements of Section 901.253;
- (2) complete at least 150 semester hours or quarter-hour equivalents in board-recognized courses, including an accounting concentration or equivalent courses that meet the education requirements established under Section 901.254 or 901.255, as determined by board rule;
- (3) pass the uniform CPA examination;
- (4) meet the work experience requirements established under Section 901.256; and
- (5) pass an examination on the rules of professional conduct as determined by board rule.

There has been much debate in certain corners of the accounting profession lately about whether the 150-hour rule for CPA licensure has [contributed to the pipeline of accountants drying up in recent years](#)—that and the subpar starting pay in public accounting and the long hours required to work, especially during busy season. Because CPA candidates must complete 150 semester credit hours of education—30 credits beyond the typical 120 credit hours earned in a four-year undergraduate degree—[many CPAs end up spending five years in college](#) instead of four.

But the National Association of State Boards of Accountancy (NASBA) recently reaffirmed its support for the 150-hour education requirement by a unanimous vote from its board of directors, so that expectation is not changing anytime soon. NASBA President and CEO Ken Bishop [told the *Journal of Accountancy* earlier this year](#) that NASBA and the American Institute of CPAs “are aggressively looking at options and alternatives that have the potential to increase the number of CPA candidates applying for licensure without disrupting substantial equivalency and practice privilege mobility.”

According to the JofA article, Bishop said this about NASBA’s support of the 150-hour rule:

“Should any state or jurisdiction lower the licensure requirement to

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for example, lowering the bar to become an attorney, and they're also suffering from lack of entry.”

Bishop said the NASBA board vote was prompted by “a few state society staff members but not the profession in general” considering action that would create different pathways to CPA licensure. Bishop understands the sentiment behind the consideration but stressed that any changes on the state level that don't align with the UAA would be counterproductive for the profession.

“If I was a society CEO and I had some members who were having trouble hiring CPAs knocking on my door, I would be trying to react. We're not saying don't react; we're saying let's do it in a uniform way,” Bishop said. “What really gets our attention is something that has an opportunity to disturb or completely adulterate the substantial equivalency, mobility, reciprocal licensure — things that we're working to protect and maintain.”

But in an [article for Accounting Today](#) that was published earlier this month, Blake Oliver, a CPA who specializes in accounting technology and is the founder of Earmark CPE, estimated that the cost of the 150-hour rule is more than \$2 billion. He wrote:

Many accounting students choose to obtain the additional 30 semester credit hours through a master of accounting degree, or “MAcc” for short. I estimate the cost of obtaining a MAcc to be slightly more than \$100,000.

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master's of accounting program during the 2019-2020 school year.

Multiplying the \$103,000 average cost by the 20,442 students results in a total cost of \$2.1 billion per year. This figure does not account for CPA candidates who choose alternative paths to fulfill the 150-hour requirement.

Oliver referenced a [recent academic study](#) that “indicated the 150-hour rule actually decreases the number of entrants to the profession,” he wrote and added, “the study found ‘no difference between 150-hour rule CPAs and the rest’ in terms of quality.”

Oliver concluded his article by writing:

That's right — there is no evidence to suggest that an additional year of education leads to more qualified CPAs or better-prepared CPAs for working in accounting firms. All available evidence indicates that it makes no difference. This is what makes the 150-hour rule particularly frustrating: It incurs a cost without providing any benefits.

If we are going to live by our principles, we should eliminate it.

Illinois [recently reduced its eligibility requirement](#) for CPA candidates to sit for the CPA exam from 150 semester credit hours to 120, and the Minnesota CPA Society is pushing for [legislation that would create alternative pathways](#), allowing candidates to replace the fifth year of education with additional work experience, or work experience and CPE.

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