

What to Know About State CPA Reciprocity Rules

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Accounting students who wish to become a CPA are concerned with meeting the requirements of the state in which they intend to sit for the CPA exam. The importance of knowing the state requirements has increased because of the 150 - Hour Rule and how it has resulted in different educational requirements by states. In addition, if a student plans to practice in another jurisdiction they must meet the reciprocity rules of that state. The individual state requirements are all set by that state's legislature. The local State Board of Accountancy acts as the interpreter of that state's rules. There are many different rules in existence for accepting another state's requirements.

To make some sense of the many different reciprocity rules, the American Institute of Certified Public Accountants and the National Association of State Boards of Accountancy have jointly published rules as outlined in their *Uniform Accountancy Act*, third edition, revised November 2002, and encourage states to pass laws that would place reciprocity requirements under this *Uniform Accountancy Act*. Under the *Act*, a verification of "substantial equivalence" is made to see if the individual in question has a certificate that meets the CPA requirements of the *Act*. If this test is passed, then the person may be granted the privileges of certificate holders in that state. If an individual does not meet the "substantial equivalence" test, then the applicant shall show that he/she:

- a) passed the CPA examination with grades that would pass in the state at the time the exam was taken;
- b) has four years of experience, as described in Section 5(f) of the *Act*, in the last ten;
- c) must meet the CPE requirements under the *Act*, as described in Section 6(d), if the current license is more than four years old.

The education requirements under the *Act* are as follows:

- a) During the five-year period immediately following the date of the *Act* (November 2002), a baccalaureate degree or its equivalent with an accounting concentration or equivalent;

- b) After the five-year period, at least 150 semester hours of college credit including at least a baccalaureate degree with an accounting concentration or equivalent.

The adoption of these rules is up to the individual state legislatures and it could therefore be a long time before being accepted by a particular state. To provide some guidance, Table 1 summarizes the current reciprocity rules. The information in the table was obtained from the following sources: State Boards of Accountancy web sites, State Statutes and Rules; and direct contact with Board of Accountancy personnel.

Table 1 is designed to reflect the major rules regarding reciprocity. Each state is identified and an X is marked in the columns of the reciprocity rules that it requires. If work experience is indicated as an avenue to gain a license, the number of years required is indicated. When this experience is required in the last ten years this is also indicated. For example, Alaska requires five years of accounting experience in the last ten (5/10). It is also important to note that:

- A few of the states have reciprocal agreements with other states. This information is not contained in the table but may be obtained by contacting the local State Board of Accountancy.
- Where experience is mentioned as a requirement, it is meant that the experience is in accounting. Many states have very specific types of experience. That information must be obtained by contacting the local State Board of Accountancy.
- Changes are being made on an ongoing basis, and some state laws allow for the Board to have discretion. These facts make it very important to contact the State Board of Accountancy for the most up-to-date rules.
- Many states use the term “substantially equivalent” in reference to their own particular state laws and not in reference to the meaning of “substantially equivalent” as defined in the Uniform Accountancy Act.
- The number of states requiring an ethics course or the passing of an ethics exam is growing. In most cases, the AICPA’s course on professional ethics will fulfill this requirement.

The table does not include all of the requirements and these requirements are always changing, so the authors suggest that you contact the appropriate state board if you have specific questions or concerns.

Summary of Reciprocity Rules

State	Meet all current requirements	Or met all current requirements of this state at the time originally licensed in another state	Or Experience	Board discretion	CPE	Ethics course or exam*	Meet Uniform Accountancy Act (UAA) Requirements
Alabama	X	X	5/10				
Alaska	X		5/10				
Arizona	X	X	5/10			X	
Arkansas		X		X			
California				X			
Colorado	X	X	5/10		X	X	
Connecticut	X		5/10				
Delaware	X	X	5/10				
District of Columbia	X						
Florida	X	X			X		
Georgia	X		10				
Hawaii	X		5/10				
Idaho	X		4/10			X	
Illinois	X	X	5/10				
Indiana			4	X			
Iowa	X	X	4/10		X		
Kansas	X					X	X
Kentucky	X	X	4/10				
Louisiana	X (a)		4/10				
Maine				X(b)	X		
Maryland	X	X	4/10			X	
Massachusetts	X	X	4/10				
Michigan		X	2				
Minnesota	X					X	
Mississippi	X	X(b)	5/10				

Missouri		X					
Montana	X			X(b)			
Nebraska	X	X (c)				X	
Nevada	X	X				X	
New Hampshire	X	X	5/10				
New Jersey				X(b)			
New Mexico	X		2/10		X	X	
New York	X						
North Carolina	X		4/10 (d)				
North Dakota	X	X	4/10				X
Ohio	X					X	X
Oklahoma	X	X	4/10				
Oregon	X (e)		4/10				
Pennsylvania	X (f)						
Rhode Island	X	X	5/10				
South Carolina	X	X	5/10(g)				
South Dakota	X	X					
Tennessee	X (b)		4/10		X		
Texas		X	4/10		X	X	
Utah	X	X	5/10				
Vermont	X				X		
Virginia	X (b)					X	
Washington	X	X	5/10				X
West Virginia	X	X	1/10		X		
Wisconsin	X (b)					X	
Wyoming	X		5/10			X	

* - some states require an exam while others allow for a self-study course. Also, most states will accept exam passed from another state.

(a) - if the prior state certificate was issued before 9/1/75, the education requirement is waived.

(b) – must have met requirements that are substantially equivalent to this state.

(c) - if passed before January 1, 1998, Bachelor’s degree required.

(d) - or 10 years accounting experience or experience teaching accounting, or any

combination of such in the past 12 years, and 80 hours of CPE if previous license is 4 years or older.

(e) – before January 1, 2000, 2 years experience. After January 1, 2000, 150 hours plus 1 year if experience.

(f) – or held a license in another state for the previous 5 years.

(g) - 3 years of public accounting experience required.