

SENATE WORKFORCE DEVELOPMENT  
MARCH 7, 2025

TESTIMONY OF MANDY HARLOW  
NORTH DAKOTA BOARD OF ACCOUNTANCY  
HOUSE BILL NO. 1156

Chairman Wobbema and members of the Committee.

My name is Mandy Harlow, and I serve as the executive director for the North Dakota State Board of Accountancy. I appear on behalf of the Board to offer neutral testimony on House Bill 1156.

Currently, for an accounting firm to be issued a permit to practice, it must show a simple majority of the ownership of the firm in terms of financial interests and voting rights belongs to CPAs or licensed public accountants of a state or other recognized jurisdiction. Administrative Rules further state each owner must be an individual. *See North Dakota Administrative Code section 3-01-03-02.* House Bill 1156 seeks to clarify, through changes to the Professional Organizations Act and Chapter 43-02.2 of Century Code, that ownership of a firm may belong to an employee stock ownership plan, or ESOP.

The question of ESOPs has come before the Board in years past, but the Board did not initiate any legislative changes due to concerns relating to the Professional Organizations Act and Chapter 43-02.2 of the Century Code. It is the Board's understanding House Bill 1156, in this form, addresses those concerns.

As this bill was being drafted, Legislative Council reached out to the Board, to allow the Board to review the proposed bill. The Board reviewed the proposed bill at its April and July quarterly meetings. Upon review, the Board determined it would take a neutral position on House Bill 1156. The Board has no position on ESOP ownership of firms,

other than the current law does not allow for ESOP ownership. The Board also recognizes that the language of House Bill 1156, as currently written, would require changes to the Board's administrative rules to allow for such ownership.

For these reasons, the Board of Accountancy is neutral on this bill. Thank you for your time and consideration, and I would stand for any questions.