

SENATE WORKFORCE DEVELOPMENT
FEBRUARY 21, 2025

TESTIMONY OF MANDY HARLOW
NORTH DAKOTA BOARD OF ACCOUNTANCY
SENATE BILL 2395

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 am appearing today on behalf of the Board to provide information and testimony in opposition to Senate Bill 2395, as currently written. The Board does not oppose the intentions behind the bill, but rather, has specific concerns with three areas of the bill.

First, the Board of Accountancy is proud of the mobility it offers licensees, and the ease by which applicants can work or be licensed in North Dakota. The Board is concerned the “uniform licensure” section of the bill will lessen the mobility it currently offers. Page 2, lines 10 through 12 of the bill would require the Board to issue a license if applicant meets requirements outlined by the bill, “unless the state is part of an effective interstate compact, an executed license transfer, or reciprocity agreement with another state....”

The CPA profession does not have an interstate compact, and the state of North Dakota is not part of an executed license transfer, or reciprocity agreement. But the CPA profession does have “substantially equivalent mobility” through section 43-02.2-04.1 of the North Dakota Century Code. Mobility allows a licensed CPA in good standing to

practice outside of his or her state of licensure without obtaining another license. The CPA must hold an active unrestricted CPA license from a state with a substantially equivalent standard of practice. Since 2014, all states, including Puerto Rico and the Virgin Islands, have had substantial equivalency mobility. North Dakota has also offered firm mobility since 2008.

The Board of Accountancy already offers easy mobility for licensees moving in and out of the state, but it is not part of an interstate compact, an executed license transfer, or an express reciprocity agreement. Because the Board is not a part of one of these entities, and instead, eases mobility through statute, the Board is concerned it would need to follow the seven steps outlined in the bill, which may make licensure more strenuous on applicants and the Board.

The Board would request the bill be amended to add “offers existing interstate mobility laws” to the list of reasons a Board may be excluded from the requirements of the uniform licensure section of the bill. This would allow the Board to continue to provide licensee mobility as it has for years.

Second, the Board has no authority to offer licensing examinations monthly, as required by section 4 of the Board Operations portion of the bill. The examination for CPA licensure is offered in four parts, and the Board cannot force a student to take all of the examination in a single month. Further, the Board itself does not offer the examination, it is offered through a national organization. The Board cannot control how frequently the four portions of the examination are offered. The Board proposes this section be

amended to clarify that if examinations are administered by the board, they must be available at least once per month.

Finally, the Board disagrees with the Alternative Pathways to Licensure section on page 4, lines 10-13. North Dakota Century Code charges the Board with protecting the public interest by prescribing and assessing the qualifications of licensees and regulating the conduct of practitioners of public accountancy. Public interest requires that persons professing special competence in accountancy have demonstrated or maintained their qualifications to do so. See N.D.C.C. 43-02.2-01. The Board opposes this section as it could result in individuals without enough relevant experience or the minimal level of education doing accounting work in North Dakota. The Board is also concerned that without uniform examination, it will be unable to assess applicants who follow an “alternative pathway,” to ensure they have demonstrated their qualifications as a practitioner of public accountancy, as required by law. The Board would request an amendment striking this section from the bill completely.

In conclusion, the Board does not oppose the idea behind this bill, but merely requests amendments to ensure that it can keep providing applicants and licensees with statutorily substantial equivalency mobility as it has for years, can continue to assess applicants through national examinations, that it can protect the public interest from harmful accounting practices. Included in my written testimony is a proposed amendment reflecting the changes the Board is seeking. Thank you for your time and consideration, and I would stand for any questions.

Introduced by

Senator Hogue

1 A BILL for an Act to create and enact a new chapter to title 43 of the North Dakota Century
2 Code, relating to uniform licensure and board operations.

3 **BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:**

4 **SECTION 1.** A new chapter to title 43 of the North Dakota Century Code is created and
5 enacted as follows:

6 **Definitions.**

7 As used in this chapter:

- 8 1. "Applicant" means an individual who has submitted a completed application, including
9 all documentation and fees necessary for the board to consider licensing the
10 individual.
- 11 2. "Application" means the process and all required documentation necessary for the
12 board to consider licensure of the applicant.
- 13 3. "Board" means a board, commission, or other agency of state government created or
14 identified in this title to regulate a particular occupation or profession, the education
15 standards and practices board, and the state board of law examiners.
- 16 4. "Effective interstate compact" means the minimum number of states necessary for the
17 interstate compact to become operative have enacted the interstate compact.
- 18 5. "Interstate compact" means a legislative enactment to recognize and facilitate the
19 portability of occupational licenses across state lines.
- 20 6. "License" means the authorization by a board to practice an occupation or profession
21 under state law or any other authority by which individuals are licensed in the state.
- 22 7. "Occupation or profession" means activity for which a license is required from a board
23 or similar activity for which a license is required in another state or jurisdiction.

1 8. "Out-of-state licensee" means an individual who holds a license, certificate, permit, or
2 similar authorization to practice an occupation or profession, which is issued by a
3 government agency in another state or jurisdiction in the United States which imposes
4 requirements for obtaining and maintaining the license, certificate, or permit, which are
5 comparable to the requirements imposed in this state to obtain and maintain a license
6 to practice the same profession or occupation.

7 9. "Routine application" means an application that meets all the requirements for
8 licensure with no derogatory or adverse information in the application.

9 **Uniform Licensure.**

10 Unless the state is part of an effective interstate compact, an executed license transfer, ~~or~~
11 reciprocity agreement with another state, ~~or offers statutory substantial equivalency mobility,~~ a
12 board shall issue a license to an out of state licensee applicant to practice in this state if, upon
13 application to the board, the applicant:

- 14 1. Actively has used the license for two of the three years immediately preceding
15 submitting an application under this section;
- 16 2. Provides or demonstrates competency and education in the profession or occupation
17 through methods determined by the board;
- 18 3. Has not committed any act that constitutes grounds for refusal, suspension, or
19 revocation of a license to practice that profession or occupation in this state unless the
20 board determines, in its discretion, the act is not an impediment to the granting of a
21 license to practice in this state;
- 22 4. Has not been disciplined in any jurisdiction in which the individual has held a license
23 within the last ten years;
- 24 5. Is not under an active investigation by another licensing authority or law enforcement
25 authority in a state, federal, or foreign jurisdiction;
- 26 6. Submits to a state and federal criminal background check, paid for by the applicant,
27 and conducted in the manner provided under section 12-60-24 if required by the board
28 and the board has statutory authority to repeat the background check; and
- 29 7. Pays the fees established by the board.

30 **Board operations.**

- 31 1. A board shall issue a license within seven business days to an individual who submits
32 a complete, unencumbered, routine application. This section does not apply to

- 1 processing applications through an effective interstate compact or an executed license
2 transfer agreement. Boards subject to an effective interstate compact shall issue a
3 license in a timely manner.
- 4 2. A board may grant authority to staff or selected board members to issue a provisional
5 or temporary license between board meetings to an applicant seeking permanent state
6 licensure if the application is routine, complete, and meets all the requirements for
7 licensure. To the extent this provision conflicts with any existing limitations on such
8 delegated authority, this provision supersedes those limitations.
- 9 3. The licensing application form must be made available electronically.
- 10 4. As part of a complete application, a board may require an individual seeking licensure
11 in this state to pass a jurisprudence examination on North Dakota law applicable to the
12 licensed profession. If the examination is a requirement for licensure, the examination
13 must be made available at least once per month. The board may adopt limits on
14 examination attempts.
- 15 5. By July thirty-first of each year, on forms developed by the department of labor and
16 human rights, each board shall report to the labor commissioner data on the number
17 of licenses granted, number of licenses denied, number of licenses that were not
18 issued within the seven-day timeline, and reason for the delay for licenses issued after
19 the seven-day timeline.
- 20 6. Unless already a member of an effective interstate compact, a board shall annually
21 review available interstate compacts in professions it regulates to determine whether
22 joining the interstate compact would be in the best interest of the profession and state,
23 giving consideration to workforce shortages and evolving trends in occupation
24 licensure and technology. The review must be noted clearly in the board's agenda and
25 meeting minutes and the board must provide the labor commissioner with a copy of
26 the considered compact and the board's reason for determining that entering the
27 interstate compact was not in the best interests of the profession.
- 28 7. A board may contract with an entity, another board, or an individual to obtain
29 administrative and support services to assist in the operation of the board.

1 8. Unless otherwise specifically authorized by other laws or rules of the board, all
2 continuing education requirements for licensure renewal must include the ability to
3 complete all required continuing education hours by virtual or remote means.

4 9. A board may assist in providing education or resources for a licensee or an individual
5 interested in pursuing the regulated occupation or profession.

6 10. The department of labor and human rights shall maintain on its website information
7 regarding board resources, board member and staff contact information, and a
8 message board for members and staff to engage in discussion channels as needed to
9 identify trends and best practices for occupational licensure.

~~10 — Alternative pathways to licensure.~~

~~11 — Biennially, each board under title 43 shall consider options to provide limited licensing to an~~
~~12 — individual with relevant experience who has not previously held an equivalent license of the type~~
~~13 — issued by the board.~~