
THIRD READING

Bill No: AB 1175
Author: Irwin (D)
Amended: 4/28/25 in Assembly
Vote: 21

SENATE BUS., PROF. & ECON. DEV. COMMITTEE: 11-0, 7/14/25
AYES: Ashby, Choi, Archuleta, Arreguín, Grayson, Menjivar, Niello,
Smallwood-Cuevas, Strickland, Umberg, Weber Pierson

ASSEMBLY FLOOR: 77-0, 5/5/25 - See last page for vote

SUBJECT: Accountants

SOURCE: California Board of Accountancy

DIGEST: This bill revises the education and experience requirements for an applicant for a certified public accountant (CPA) license and revises the practice privilege requirements to allow an out-of-state licensed CPA with a current and active to practice in California without a need to determine substantial equivalency, as specified.

ANALYSIS:

Existing law:

- 1) Establishes the California Board of Accountancy (CBA or Board) within the Department of Consumer Affairs (DCA) to implement and enforce the California Accountancy Act (Act). (Business and Professions Code (BPC) §§ 5000 *et seq.*)
- 2) Prohibits a person from engaging in the practice of public accountancy in this state unless the person holds a valid permit to practice public accountancy issued by the Board or is authorized under a practice privilege, as specified. (BPC § 5050(a))

- 3) Requires an applicant for a CPA license to have successfully passed an examination on subjects the Board deems appropriate, and in the form and manner that the Board deems appropriate, and authorizes the Board to prescribe the methods for applying for and conducting the examination, including methods for grading and determining a passing grade through regulation. (BPC § 5082)
- 4) Authorizes the Board to issue a CPA license to any applicant who is a holder of a current, active, and unrestricted CPA license issued under the laws of any state, if the Board determines that the standards under which the applicant received the license are substantially equivalent to the standards of education, examination, and experience established under the Act, and the applicant has not committed acts or crimes constituting grounds for denial. (BPC § 5087)
- 5) Authorizes any individual who is the holder of a current and valid license as a CPA issued under the laws of any state and who applies to the Board for a license as a CPA to, until the time the application for a license is granted or denied, practice public accountancy in this state only under a practice privilege, except that the individual is not disqualified from a practice privilege during the period the application is pending by virtue of maintaining an office or principal place of business, or both, in this state. The Board may by regulation provide for exemption, credit, or proration of fees to avoid duplication of fees. (BPC § 5088)
- 6) Requires an applicant for the CPA license to comply with the education, examination, and experience requirements as set forth in the Act. (BPC § 5090)

This bill:

- 1) Defines “comparable licensure requirements” to mean another state requires passage of the examination, as specified, and has education and experience requirements, when considered collectively, that meet or exceed the standards established by the Board.
- 2) Replaces “substantially equivalent” with comparable licensure requirements as defined in 1) above.
- 3) Permits applications for the CPA examination license to be submitted electronically in addition to mail.

- 4) Deletes an obsolete section related to CPA license holders prior to enactment of the Act, and repeals obsolete licensing requirements for applicants prior to January 1, 2014.
- 5) Replaces references to “valid” with “active and unrestricted.”
- 6) Sunsets the current licensing structure on January 1, 2029.
- 7) Establishes a new pathway for licensure as a CPA beginning January 1, 2027, and requires an applicant for admission to the CPA examination to meet specified educational requirements.
- 8) Requires an applicant for a CPA license to demonstrate to the satisfaction of the Board, the completion of two-years of qualifying experience and passage of the CPA examination, as specified, beginning on January 1, 2027.
- 9) Permits the experience required in 9) above to include providing any type of service, or advice involving the use of accounting, attest compilation, management advisory, financial advisory, tax, or consulting skills and authorizes the Board to require through regulation, the completion of specified job tasks associated with minimum competencies of entry-level practice.
- 10) Allows, per the satisfaction of the Board, an advanced degree in accounting-related subjects to be substituted for one-year of experience.
- 11) Allows the Board, by regulation, to accept the completion of Board-recognized certificate or training programs as a substitute for a portion of the otherwise required amount of experience.
- 12) Clarifies that an applicant may only receive credit for experience by either completing the advanced degree or completing training programs, but not both.
- 13) Requires experience to have been performed in accordance with applicable professional standards and completed under the supervision or employ of a person licensed or certified to practice public accountancy, as specified.
- 14) Authorizes the Board to, by regulation, allow experience in academia to count towards an applicant’s minimum experience.

- 15) Sunsets the current education and experience requirements an applicant for a CPA license is required to meet beginning January 1, 2029, as specified.
- 16) Makes references to colleges, universities, or other institutions of learning that provide qualifying education as “institutions of higher education.”
- 17) Authorizes the Board, through regulation, to require the completion of specified job tasks associated with performing attest services.
- 18) Deletes the current requirement for an individual to have continually practiced public accountancy as a CPA in another state for at least 4 of the last 10 years, have a license, certificate, or permit from a state that the Board has determined to have substantially equivalent education, examination, and experience standards for licensure, or possess education, examination, and experience qualifications for licensure that the Board has determined to be substantially equivalent to California’s qualifications for a CPA licensed in another state to engage in the practice of public accountancy in this state under a practice privilege without obtaining a certificate or license.
- 19) Includes whether the state has comparable licensure requirements when the Board is determining the factors to authorize a person to practice in California pursuant to a practice privilege.
- 20) Adds additional requirements for an out of state licensed CPA to comply with if the Board has determined the state in which the individual has their principal place of business does not have comparable licensure requirements for purposes of mobility.
- 21) Makes numerous other technical and clarifying changes, which include updating cross references and deleting obsolete and outdated provisions.

Background

Board of Accountancy and CPA Licensure Requirements. The Board regulates around 75,000 licensees, including approximately 65,000 individual CPAs. The Board issues and renews licenses of CPAs, renews licenses of public accountants (PAs), registers CPA partnerships, PA partnerships, corporations, and out-of-state accounting firms. Many of the firms regulated by the Board have national footprints and some have footprints worldwide. CPAs provide accounting services in a variety of settings including firms, private industry, government, academia,

and provide services to clients of all sizes and needs. The Board is responsible for the licensure and regulation of both the individuals and businesses practicing public accounting in California. The Board investigates complaints, takes enforcement action against licensees for violations of the Act, ensures compliance with continuing education requirements, and monitors the work products of CPAs, PAs, and CPA firms to ensure adherence to professional standards.

Today, all 55 American licensing jurisdictions (50 states plus Puerto Rico, the District of Columbia, the U.S. Virgin Islands, Commonwealth of the Northern Mariana Islands, and Guam) require an applicant for a license to meet a 150-credit hour requirement in addition to passing the national licensing examination. Various states, including California require a state-level examination focusing on the laws and regulations of that state. The 150-credit hour requirement equates to a four-year bachelor's degree with an additional 30-units of education. This has resulted in candidates completing a bachelor's degree and then taking additional educational coursework to make up those 30 units (which do not have to be in accounting), or obtain a master's degree in accounting. The current licensing structure requires the Board to verify that each individual applicant has satisfied the required number of, and types of courses that are required under current law to satisfy the education requirements necessary for licensure.

Over the past few years, concerns have surfaced from accountancy regulators, employers of CPAs, and those that rely on accounting services of a looming workforce shortage of licensed CPAs. The Association of International Certified Professional Accountants,' 2023 Trends Report, reported a significant decline of individuals on the path to becoming licensed CPAs. It found that since 2016, there has been a 37% decline in the number of candidates taking the CPA exam. An updated trend report is due in the summer of 2025.

As mentioned in an article in the Journal of Accounting Education, *Addressing the Shortage of Accountants: Suggestions for Academe and the Profession* there are varying reasons for shifts in the professional accountant pipeline. Issues including the soon to retire aging workforce, students finding career potential in professions outside of accounting, a perceived work-life balance gap, and the current educational requirements necessary to obtain a license. Although there are likely a variety of factors affecting the accountant workforce pipeline, the 150-hour education requirement is often cited as one of the reasons that students are not joining the accountancy track. The Board conducted an analysis of long-term licensing trends in California, which was presented to the Board in November of 2024. Data points from that report noted that 46% of the current licensing

population is 50 or above with approximately 17% at or near the average retirement age. The number of applications received and approved by the Board has declined steadily since 2020-21. The conclusion in that report noted, “The long-term trend shows decline in the number of CPA Exam applications received at the CBA, and a decline in the number of applicants who pass the CPA Exam, and these may be leading indicators that the CBA will experience a decline in the number of licensed, active CPAs in coming years. Additionally, California firms may have a need that exceeds the number of new CPAs entering the profession.”

This bill proposes to revise the current education and experience requirements necessary for a CPA license in California, by replacing the current 150-unit requirement with a 120-unit requirement (a bachelor's degree) in accounting plus two years of supervised experience.

Mobility for CPAs. Mobility for CPAs, commonly referred to as a practice privilege, refers to the ability of a licensed CPA to practice in multiple states without obtaining separate licenses in each state. Mobility is predicated on the uniformity of licensing standards across the country coupled with consistency in state boards’ enforcement processes. Under mobility, CPAs can generally practice across state lines and provide services through a firm, virtually or in person, based on their existing license without obtaining a new license in each state. Currently, a CPA under mobility practice may only provide services through a firm that is registered with the CBA.

This bill revises the current practice privilege in California by eliminating the current requirement for the Board to determine that a CPA whose principal place of business is not in California have “substantially equivalency” with educational requirements along with the practice experience, and instead simply accept a license issued in another state as authorization. CPAs practicing in California through the mobility provisions will continue to be required to be employed through a firm that is registered with the Board. If the Board determines that the CPA license holder is from a state that does not have comparable licensure requirements sufficient to practice through mobility (without obtaining a separate license in California), the Board will require the CPA to have continually practiced public accountancy as a CPA under a valid license issued by any state for at least four of the last 10 years, and passed the Uniform Certified Public Accounting Examination and completed education that includes a baccalaureate degree or higher with an accounting concentration and at least one year of general accounting experience. This is in addition to submitting a notice to the Board and paying a fee.

FISCAL EFFECT: Appropriation: No Fiscal Com.: Yes Local: No

SUPPORT: (Verified 8/18/25)

California Board of Accountancy (source)
California Society of Certified Public Accountants
Greater Conejo Valley Chamber of Commerce

OPPOSITION: (Verified 8/18/25)

None received

ARGUMENTS IN SUPPORT: Supporters note generally that this bill will help to modernize and enhance licensing requirements for CPAs.

ASSEMBLY FLOOR: 77-0, 5/5/25

AYES: Addis, Aguiar-Curry, Ahrens, Alanis, Alvarez, Arambula, Ávila Farías, Bauer-Kahan, Bennett, Berman, Boerner, Bonta, Bryan, Calderon, Caloza, Carrillo, Castillo, Chen, Connolly, Davies, DeMaio, Dixon, Elhawary, Flora, Fong, Gabriel, Gallagher, Garcia, Gipson, Jeff Gonzalez, Mark González, Hadwick, Haney, Harabedian, Hart, Hoover, Irwin, Jackson, Kalra, Krell, Lackey, Lee, Lowenthal, Macedo, McKinnor, Muratsuchi, Nguyen, Ortega, Pacheco, Papan, Patel, Patterson, Pellerin, Petrie-Norris, Quirk-Silva, Ramos, Ransom, Celeste Rodriguez, Michelle Rodriguez, Rogers, Blanca Rubio, Sanchez, Schiavo, Schultz, Sharp-Collins, Solache, Soria, Stefani, Ta, Tangipa, Valencia, Wallis, Ward, Wicks, Wilson, Zbur, Rivas

NO VOTE RECORDED: Bains, Ellis

Prepared by: Elissa Silva / B., P. & E.D. / 916-651-4104
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**** END ****