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**CPA BOARD LETTER OF SUPPORT WITH AMENDMENTS ON SB0051.**

TO: Education, Energy and Environment  
FROM: Jan Williams, CPA Board Chair  
DATE: 1/27/2025  
BILL: SB0051 Accountants - Reciprocal Licenses - Qualifications

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The Maryland State Board of Accountancy (Board) appreciates the opportunity to provide its comments on SB 51. The legislation would alter the qualifications for an individual licensed in another state as a Certified Public Accountant (CPA) to be able to practice in Maryland.

The Board strongly favors enactment of SB 51 and offers a minor language change, which is to change the name of the legislation from “Accountants – Reciprocal Licenses - Qualifications” to “Accountants – Licensed Out of State Practice Privilege - Qualifications. “Reciprocal Licenses” refers to granting a Maryland CPA license to a CPA who is licensed by another state while “Out of State Practice Privilege” refers to the practice of accounting in Maryland by CPAs who are licensed by another state and whose principal place of business is outside of Maryland.

The remainder of the Board’s comments relate to why the Board believes enactment of SB 51 is in the best interest of the citizens of the state of Maryland, consistent with the role and obligations of the Board.

The Board’s support for SB 51 is based on three principles: Flexibility, Complexity and State Deference/Process, as I will discuss.

We understand part of the reason for the introduction of SB 51 is to address the dearth of students entering the accounting profession and becoming CPAs, the advancing age and imminent retirements of many existing CPAs, and the profession’s continued lack of diversity; collectively commonly referred to as the accounting ‘Pipeline’ issue. The Pipeline issue has created a challenge for the accounting profession, businesses looking to hire CPAs, and the public, whose interests state boards of accountancy like Maryland’s are entrusted to protect.

State boards of accountancy and CPA societies from various states, concerned about the growing impact of the Pipeline issue in their states, have begun efforts to address the problem. Several states, notably Minnesota and Ohio, have introduced

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legislation to amend their 150-Hour Education statutes to allow alternative pathways for licensure, which would substitute one year of experience for the 30 additional credit hours of education. Other states, such as New Jersey, have developed innovative rules regarding experiential learning.

Some of these approaches would depart, even slightly, from the current statutory and regulatory scheme regulating the practice of accountancy in Maryland. Without the changes proposed by SB 51, out-of-state licensed CPAs from these innovative states would lose their ability to practice in Maryland under the concept referred to as CPA Practice Privilege, or 'Mobility' for short.

Mobility allows for the interstate practice of accountancy in Maryland by out of state licensed CPAs. SB 51 would provide the Board 'flexibility' to continue to allow Mobility to CPAs licensed in states which are changing their statutes to provide alternative pathways to licensure. The proposed legislation provides safeguards to ensure that, while states may innovate, a minimum competency is retained by requiring out of state licensed CPAs to have earned a bachelor's degree (and required accounting courses), completed one year of work experience, and passed the Uniform CPA Examination. Additionally, under current Maryland law, those CPAs are also subject to the personal and subject matter jurisdiction of the Board and must comply with the laws and regulations of the Board.

If SB 51 is not enacted, CPAs licensed in other states under alternative pathways would be subject to an extremely 'complex' system whereby the Board would need to determine whether an out of state CPA would be entitled to practice accounting in Maryland under Mobility. Those unable to meet our state's current licensing criteria could be required to complete additional education and/or specified experience to use Mobility. The Board believes such complexity would further discourage individuals from becoming CPAs, add additional costs to practicing accounting, reduce competition, and create significantly more work for the Board staff.

The last point, 'State Deference/Process' relates to the Board's belief that there should be greater faith in the competency and capability of state boards of accountancy to evaluate and quickly respond to changes taking place in their states. Just as some states are mostly rural and some mostly urban, there also should be acknowledgment that every state may not have the same changes and challenges to the accounting profession in their state, businesses, and CPA firm employers.

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If our current "pipeline" crisis has taught the profession anything, it is that we must engage students on their level, while ensuring the protection of the public interest. Students have many career choices, multitudes more than a mere decade or two ago. Technology alone in the last several years has altered how as well as what is learned. As a result, the practice of accounting and work of CPAs are similarly changing at a very rapid pace. The concept of education is melding with work and experience and are becoming two sides of the same learning. We cannot hope to predict what education, or work will look like in the next several years let alone the next decade. SB 51 will help the Board to be more proactive and to continue the important interstate practice of accounting.

Once again, the Board appreciates the opportunity to provide its comments on SB 51 and is happy to respond to any questions or comments.

Sincerely,

Jan L. Williams, Ph.D., CPA

CPA Board Chair