

(e) Interpretive Comment: A crime of moral turpitude is defined in this chapter as a crime involving grave infringement of the moral sentiment of the community and further defined in §501.90(18) and §519.7 of this title (relating to Discreditable Acts and Misdemeanors that Subject a Certificate or Registration Holder to Discipline by the Board and Misdemeanors that Subject a Certificate or Registration Holder to Discipline by the Board).

This agency hereby certifies that the proposal has been reviewed by legal counsel and found to be within the agency's legal authority to adopt.

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J. Randel (Jerry) Hill
General Counsel

Texas State Board of Public Accountancy

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For further information, please call: (512) 305-7842



CHAPTER 511. ELIGIBILITY

SUBCHAPTER C. EDUCATIONAL REQUIREMENTS

22 TAC §511.51

The Texas State Board of Public Accountancy (Board) proposes new §511.51, concerning Educational Definitions.

New §511.51 will define terms used in the educational requirements section of this subchapter.

William Treacy, Executive Director of the Board, has determined that for the first five-year period the proposed new rule will be in effect:

A. the additional estimated cost to the state expected as a result of enforcing or administering the new rule will be none.

B. the estimated reduction in costs to the state and to local governments as a result of enforcing or administering the new rule will be none.

C. the estimated loss or increase in revenue to the state as a result of enforcing or administering the new rule will be none.

Mr. Treacy has determined that for the first five-year period the new rule is in effect the public benefits expected as a result of adoption of the new rule will be an understanding of the educational requirements terms.

The probable economic cost to persons required to comply with the new rule will be insignificant.

Mr. Treacy has determined that a Local Employment Impact Statement is not required because the proposed new rule will not affect a local economy.

Mr. Treacy has determined that the proposed new rule will not have an adverse economic effect on small businesses because the new rule does not impose any duties or obligations upon small businesses.

Mr. Treacy has determined that an Economic Impact Statement and a Regulatory Flexibility Analysis are not required because

the proposed new rule will not adversely affect small or micro businesses.

The Board requests comments on the substance and effect of the proposed rule from any interested person. Comments must be received at the Board no later than noon on November 8, 2010. Comments should be addressed to J. Randel (Jerry) Hill, General Counsel, Texas State Board of Public Accountancy, 333 Guadalupe, Tower 3, Suite 900, Austin, Texas 78701 or faxed to his attention at (512) 305-7854.

The Board specifically invites comments from the public on the issues of whether or not the proposed new rule will have an adverse economic effect on small businesses; if the proposed rule is believed to have an adverse effect on small businesses, estimate the number of small businesses believed to be impacted by the rule, describe and estimate the economic impact of the rule on small businesses, offer alternative methods of achieving the purpose of the rule; then explain how the Board may legally and feasibly reduce that adverse effect on small businesses considering the purpose of the statute under which the proposed rule is to be adopted, finally describe how the health, safety, environmental and economic welfare of the state will be impacted by the various proposed methods. See Texas Government Code, §2006.002(c).

The new rule is proposed under the Public Accountancy Act ("Act"), Texas Occupations Code, §901.151 which authorizes the Board to adopt rules deemed necessary or advisable to effectuate the Act.

No other article, statute or code is affected by this proposed new rule.

§511.51. Educational Definitions.

(a) "AACSB-International" means the Association to Advance Collegiate Schools of Business-International

(b) "ACBSP" means the Accreditation Council for Business Schools and Programs

(c) "Accelerated course" means a course in which a student earns semester/quarter hour credit that is completed in less time than required in subsection (m) of this section.

(d) "CHEA" means the Council for Higher Education Accreditation.

(e) "Contact hour" means the amount of time the student spends in face-to-face sessions in the class testing and receiving guided instruction from a faculty member at an institution of higher education where one hour of scheduled class time is equal to 50 minutes.

(f) "Distance Education" means the formal educational process that occurs when students and instructors are not in the same physical setting (face-to-face) for the majority (more than 50 percent) of instruction.

(g) "Distance Education Course" means a course in which a majority (more than 50 percent) of the instruction occurs when the student(s) and instructor(s) are not in the same physical setting. Two categories of distance education courses are defined:

(1) "Fully Distance Education Course" means a course which has face-to-face sessions totaling no more than 15 percent of the instructional time. Examples of face-to-face sessions include orientation, laboratory, exam review, or an in-person test.

(2) "Hybrid/Blended Course" means a course in which a majority (more than 50 percent but less than 85 percent), of the planned

instruction occurs when the students and instructor(s) are not in the same physical setting.

(h) "Institution of Higher Education or Institution" means any U.S. public or private senior college or university which confers a baccalaureate or higher degree to its students completing a program of study required for the degree.

(i) "Quarter hour" is the unit of measurement based upon an institution of higher education system that divides the academic year into three equal sessions of 10 to 11 weeks. A quarter hour represents proportionately less work than a semester hour because of the shorter session and is counted as 2/3 of a semester hour for each hour of credit.

(j) "Reporting institution" means the institution of higher education in the state that serves as the clearinghouse for educational institutions of higher education in Texas. Currently, the University of Texas-Austin is the reporting institution for the state of Texas.

(k) "SACS" means the Southern Association of Colleges and Schools-Commission on Colleges.

(l) "Self-paced course" means a course in which a student earns semester/quarter hour credit that is completed in less or more than the time required in subsection (m) of this section.

(m) "Semester hour" is the unit of measurement used by an institution of higher education that divides the academic year into two equal sessions of 15 to 16 weeks each or 10 to 12 weeks during the summer session.

(1) A single semester hour is one lecture or discussion hour per week of scheduled class time spent in the classroom, for testing and guided instruction from a faculty member during the session.

(2) One three-hour semester class represents at least 45 contact hours but not more than 48 contact hours of class time, for testing and guided instruction from a faculty member.

(n) "THECB" means the Texas Higher Education Coordinating Board.

(o) "Traditional education" means the formal educational process determined by the institution of higher education when students and instructors are in the same physical setting (face-to-face) for the majority (more than 50 percent) of instruction.

(p) "Traditional education course" means a synchronous course pursuant to subsection (o) of this section where:

(1) students and instructor(s) are present for classes; and,

(2) students receive established guided curriculum from instructor(s), and students' knowledge and understanding of curriculum is evaluated throughout the course.

This agency hereby certifies that the proposal has been reviewed by legal counsel and found to be within the agency's legal authority to adopt.

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J. Randel (Jerry) Hill

General Counsel

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22 TAC §511.52

The Texas State Board of Public Accountancy (Board) proposes an amendment to §511.52, concerning Recognized Colleges and Universities.

The amendment to §511.52 will establish the minimum criteria for courses offered by colleges and universities that qualify a candidate to sit for the CPA exam.

William Treacy, Executive Director of the Board, has determined that for the first five-year period the proposed amendment will be in effect:

A. the additional estimated cost to the state expected as a result of enforcing or administering the amendment will be none.

B. the estimated reduction in costs to the state and to local governments as a result of enforcing or administering the amendment will be none.

C. the estimated loss or increase in revenue to the state as a result of enforcing or administering the amendment will be none.

Mr. Treacy has determined that for the first five-year period the amendment is in effect the public benefits expected as a result of adoption of the proposed amendment will be to provide the public with properly educated licensees capable of providing the public with competent accounting services.

The probable economic cost to persons required to comply with the amendment will be insignificant.

Mr. Treacy has determined that a Local Employment Impact Statement is not required because the proposed amendment will not affect a local economy.

Mr. Treacy has determined that the proposed amendment will not have an adverse economic effect on small businesses because the amendment does not impose any duties or obligations upon small businesses.

Mr. Treacy has determined that an Economic Impact Statement and a Regulatory Flexibility Analysis are not required because the proposed amendment will not adversely affect small or micro businesses.

The Board requests comments on the substance and effect of the proposed rule from any interested person. Comments must be received at the Board no later than noon on November 8, 2010. Comments should be addressed to J. Randel (Jerry) Hill, General Counsel, Texas State Board of Public Accountancy, 333 Guadalupe, Tower 3, Suite 900, Austin, Texas 78701 or faxed to his attention at (512) 305-7854.

The Board specifically invites comments from the public on the issues of whether or not the proposed amendment will have an adverse economic effect on small businesses; if the proposed rule is believed to have an adverse effect on small businesses, estimate the number of small businesses believed to be impacted by the rule, describe and estimate the economic impact of the rule on small businesses, offer alternative methods of achieving the purpose of the rule; then explain how the Board may legally and feasibly reduce that adverse effect on small businesses considering the purpose of the statute under which the proposed rule is to be adopted, finally describe how the health, safety, environmental and economic welfare of the state will be impacted by the various proposed methods. See Texas Government Code, §2006.002(c).

The amendment is proposed under the Public Accountancy Act ("Act"), Texas Occupations Code, §901.151 which authorizes the Board to adopt rules deemed necessary or advisable to effectuate the Act.

No other article, statute or code is affected by this proposed amendment.

§511.52. *Recognized Institutions of Higher Education [Colleges and Universities].*

(a) In considering the qualifications of an applicant, the board shall generally accept institutions of higher education that are regionally accredited by SACS and that meet the following requirements: [colleges or universities which offer a baccalaureate or higher degree, and which recognized by one of the following accrediting associations:]

(1) offer a baccalaureate or higher degree; and

(2) offer college coursework that conforms with the definitions and standards of the THECB or SACS for contact hours, semester hours and quarter hours, and as defined by §511.51.

~~[(1) Middle States Association of Colleges and Schools;]~~

~~[(2) North Central Association of Colleges and Schools—Higher Learning Commission;]~~

~~[(3) New England Association of Schools and Colleges—Commission on Institutions of Higher Education;]~~

~~[(4) Northwest Commission on Colleges and Universities;]~~

~~[(5) Western Association of Schools and Colleges—Commission for Senior Colleges; or]~~

~~[(6) Southern Association of Colleges and Schools—Commission on Colleges.]~~

(b) Effective January 1, 2013 [June 1, 2011], the board will accept institutions of higher education, that are regionally accredited by an organization recognized by CHEA and that meet the following requirements: [schools accredited by the Southern Association of Colleges and Schools—Commission on Colleges and the schools accredited by the associations identified in subsection (a)(1) - (5) of this section so long as the schools accredited by the identified associations offer a baccalaureate or higher degree, and have a business school or accounting program accreditation recognized by the Council for Higher Education Accreditation (CHEA) as a specialized or professional accrediting organization. Examples of a specialized or professional accrediting organization are the Association to Advance Collegiate Schools of Business International (AACSB) or the Association of Collegiate Business Schools and Programs (ACBSP).]

(1) offer a baccalaureate or higher degree;

(2) offer college coursework that conforms with the definitions and standards of the THECB or SACS for contact hours, semester hours and quarter hours;

(3) have a business school or accounting program accreditation recognized as a specialized or professional accrediting organization by CHEA. Examples of a specialized or professional accrediting organization are the AACSB and the ACBSP; and,

(4) provide evidence of meeting equivalent accreditation requirements of SACS.

(c) An institution of higher education [A university] that does not meet the requirements of subsection (a) or (b) of this section may appeal to the board for consideration. An institution of higher education approved [A university recognized] by the board under this pro-

vision must be reconsidered ~~[for approval]~~ by the board on the fifth year anniversary of the approval. Institutions of higher education [Universities] that do not request or receive re-approval will no longer be recognized under this provision at the conclusion of the fifth year anniversary.

(d) The board may receive assistance from the reporting institution in the State of Texas in evaluating an ~~[educational] institution of higher education. [Correspondence schools and vocational schools do not meet the criteria.]~~

(e) The board recognizes and accepts only community colleges that offer an accounting program reviewed and accepted by the board. (See §511.57(a)(2) and §511.58(a) of this chapter for degree and course requirements).

(f) Correspondence schools and programs do not meet the criteria of this section.

This agency hereby certifies that the proposal has been reviewed by legal counsel and found to be within the agency's legal authority to adopt.

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J. Randel (Jerry) Hill
General Counsel

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22 TAC §511.57

The Texas State Board of Public Accountancy (Board) proposes an amendment to §511.57, concerning Definition of Accounting Courses.

The amendment to §511.57 will require CPA candidates in order to be eligible to sit for the exam to obtain a minimum level of traditional learning contact hours and a minimum level of blended learning hours as defined by §511.51.

William Treacy, Executive Director of the Board, has determined that for the first five-year period the proposed amendment will be in effect:

A. the additional estimated cost to the state expected as a result of enforcing or administering the amendment will be none.

B. the estimated reduction in costs to the state and to local governments as a result of enforcing or administering the amendment will be none.

C. the estimated loss or increase in revenue to the state as a result of enforcing or administering the amendment will be none.

Mr. Treacy has determined that for the first five-year period the amendment is in effect the public benefits expected as a result of adoption of the proposed amendment will be to provide the public with properly educated licensees capable of providing the public with competent accounting services.

The probable economic cost to persons required to comply with the amendment will be insignificant.

Mr. Treacy has determined that a Local Employment Impact Statement is not required because the proposed amendment will not affect a local economy.

Mr. Treacy has determined that the proposed amendment will not have an adverse economic effect on small businesses because the amendment does not impose any duties or obligations upon small businesses.

Mr. Treacy has determined that an Economic Impact Statement and a Regulatory Flexibility Analysis are not required because the proposed amendment will not adversely affect small or micro businesses.

The Board requests comments on the substance and effect of the proposed rule from any interested person. Comments must be received at the Board no later than noon on November 8, 2010. Comments should be addressed to J. Randel (Jerry) Hill, General Counsel, Texas State Board of Public Accountancy, 333 Guadalupe, Tower 3, Suite 900, Austin, Texas 78701 or faxed to his attention at (512) 305-7854.

The Board specifically invites comments from the public on the issues of whether or not the proposed amendment will have an adverse economic effect on small businesses; if the proposed rule is believed to have an adverse effect on small businesses, estimate the number of small businesses believed to be impacted by the rule, describe and estimate the economic impact of the rule on small businesses, offer alternative methods of achieving the purpose of the rule; then explain how the Board may legally and feasibly reduce that adverse effect on small businesses considering the purpose of the statute under which the proposed rule is to be adopted, finally describe how the health, safety, environmental and economic welfare of the state will be impacted by the various proposed methods. See Texas Government Code, §2006.002(c).

The amendment is proposed under the Public Accountancy Act ("Act"), Texas Occupations Code, §901.151 which authorizes the Board to adopt rules deemed necessary or advisable to effectuate the Act.

No other article, statute or code is affected by this proposed amendment.

§511.57. *Qualified [Definition of] Accounting Courses.*

(a) An individual shall meet the board's accounting course requirements in one of the following ways:

(1) Hold a baccalaureate or higher degree from a board recognized ~~[educational]~~ institution of higher education as defined by board rule, §511.52 and present ~~[a]~~ valid transcript(s) ~~[transcript]~~ from board recognized institution(s) ~~[that institution]~~ that show ~~[shows]~~ degree credit for ~~no~~ ~~[not]~~ fewer than 30 semester hours of accounting courses as defined in subsection (c) of this section; or

(2) Hold a baccalaureate or higher degree from a board recognized ~~[educational]~~ institution of higher education as defined by board rule, §511.52, and after obtaining the degree, complete the requisite ~~[not fewer than]~~ 30 semester hours of accounting courses, as defined in subsection (c) of this section, from four-year degree granting institutions, or accredited community colleges, provided that all such institutions are recognized by the board as defined by board rule, §511.52, and that the accounting programs offered at the community colleges are reviewed and accepted by the board.

(b) Credit for hours taken at board recognized institutions of higher education ~~[colleges and universities]~~ using the quarter system

shall be counted as 2/3 of a semester hour for each hour of credit received under the quarter system.

(c) The board will accept not fewer than 30 semester ~~[credit]~~ hours of accounting courses ~~[without repeat]~~ from the courses listed below. A course that has been taken more than once may only be counted once toward the required hours. The courses must meet the board's standards by containing sufficient business knowledge and application to be useful to candidates taking the Uniform CPA Examination. A board recognized ~~[educational]~~ institution of higher education must have accepted the courses for purposes of obtaining a baccalaureate degree or its equivalent, and they must be shown on an official transcript. ~~Until January 1, 2013, at [A]~~ least 15 of these hours must result from physical attendance at classes meeting regularly on the campus of the transcript-issuing institution. ~~Effective January 1, 2013, at least 24 of these hours must be traditional education courses that contain the equivalent of 15 weeks of instruction comprised of a minimum of 15 contact hours per semester hour as defined by board rule, §511.51. Also effective January 1, 2013, the remaining 6 hours may be courses offered as distance education or traditional education courses that comply with §511.51 of this title and are obtained at institutions of higher education that are regionally accredited by SACS or that comply with §511.52.~~ The subject-matter content should be derived from the Uniform CPA Examination Content Specifications ~~[Specification]~~ Outline and cover some or all of the following:

(1) financial accounting and reporting for business organizations that may include:

- (A) intermediate accounting;
- (B) advanced accounting;
- (C) accounting theory;

(2) managerial or cost accounting (excluding introductory level courses);

- (3) auditing and attestation services;
- (4) internal accounting control and risk assessment;
- (5) financial statement analysis;
- (6) accounting research and analysis;

(7) up to twelve semester hours of taxation (including tax research and analysis);

(8) financial accounting and reporting for governmental and/or other nonprofit entities;

(9) up to twelve semester hours of accounting information systems, including management information systems ("MIS"), provided the MIS courses are listed or cross-listed as accounting courses, and the institution of higher education ~~[college or university]~~ accepts these courses as satisfying the accounting course requirements for graduation with a degree in accounting;

(10) fraud examination;

(11) international accounting and financial reporting; and

(12) an accounting internship program (not to exceed 3 semester hours) which meets the following requirements:

(A) the accounting knowledge gained is equal to or greater than the knowledge gained in a traditional accounting classroom setting;

(B) the employing firm provides the faculty coordinator and the student with the objectives to be met during the internship;

(C) the internship plan is approved in advance by the faculty coordinator;

(D) the employing firm provides a significant accounting work experience with adequate training and supervision of the work performed by the student;

(E) the employing firm provides an evaluation of the student at the conclusion of the internship, provides a letter describing the duties performed and the supervision to the student, and provides a copy of the documentation to the faculty coordinator and the student;

(F) the student keeps a diary comprising a chronological list of all work experience gained in the internship;

(G) the student writes a paper demonstrating the knowledge gained in the internship;

(H) the student and/or faculty coordinator provides evidence of all items upon request by the board;

(I) the internship course shall not be taken until a minimum of 12 semester hours of upper division accounting course work has been completed; and,[-]

(J) the internship course shall be the equivalent of a traditional course.

(13) At its discretion, the board may accept up to three semester hours of credit as accounting [fœr] course work with substantial merit in the context of a career in public accounting, provided the course work is predominantly accounting or auditing in nature but not included in paragraphs (1) - (12) of this subsection. For any course submitted under this provision, the Accounting Faculty Head or Chair must affirm to the board in writing of the course's [its] merit and content.

(d) Effective July 1, 2011, the board requires that a minimum of two semester [eredit] hours in research and analysis relevant to the course content described in subsection (c)(6) or (7) of this section is completed. The semester hours may be obtained through a discrete course or offered through an integrated approach. If the course content is offered through integration, the institution of higher education [university] must advise the board of the course(s) that contain the research and analysis content.

(e) The following types of introductory courses do not meet the accounting course definition in subsection (c) of this section:

- (1) elementary accounting;
- (2) principles of accounting;
- (3) financial and managerial accounting;
- (4) introductory accounting courses; and
- (5) accounting software courses.

(f) Any CPA review course offered by an [educational] institution of higher education or a proprietary organization shall not be used to meet the accounting course definition.

(g) Courses not offered in accordance with this section, including those offered in an accelerated or self-paced format, or by correspondence, do not qualify for purposes of meeting the educational requirements to take the CPA examination.

(h) An ethics course required in §511.58(c) shall not be used to meet the accounting course definition in subsection (c) of this section.

This agency hereby certifies that the proposal has been reviewed by legal counsel and found to be within the agency's legal authority to adopt.

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J. Randel (Jerry) Hill

General Counsel

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For further information, please call: (512) 305-7842



CHAPTER 519. PRACTICE AND PROCEDURE SUBCHAPTER A. GENERAL PROVISIONS

22 TAC §519.7

The Texas State Board of Public Accountancy (Board) proposes an amendment to §519.7, concerning Misdemeanors that Subject a Certificate or Registration Holder to Discipline by the Board.

The amendment to §519.7 will add the misdemeanor conviction of "hindering apprehension or prosecution" to the list of misdemeanors that would subject a licensee to disciplinary action.

William Treacy, Executive Director of the Board, has determined that for the first five-year period the proposed amendment will be in effect:

A. the additional estimated cost to the state expected as a result of enforcing or administering the amendment will be none.

B. the estimated reduction in costs to the state and to local governments as a result of enforcing or administering the amendment will be none.

C. the estimated loss or increase in revenue to the state as a result of enforcing or administering the amendment will be none.

Mr. Treacy has determined that for the first five-year period the amendment is in effect the public benefits expected as a result of adoption of the proposed amendment will be to protect the public from or provide notice to the public of a licensee's criminal act that could reflect on the licensee's honesty.

The probable economic cost to persons required to comply with the amendment will be insignificant.

Mr. Treacy has determined that a Local Employment Impact Statement is not required because the proposed amendment will not affect a local economy.

Mr. Treacy has determined that the proposed amendment will not have an adverse economic effect on small businesses because the amendment does not impose any duties or obligations upon small businesses.

Mr. Treacy has determined that an Economic Impact Statement and a Regulatory Flexibility Analysis are not required because the proposed amendment will not adversely affect small or micro businesses.

The Board requests comments on the substance and effect of the proposed rule from any interested person. Comments must be received at the Board no later than noon on November 8, 2010. Comments should be addressed to J. Randel (Jerry) Hill, General Counsel, Texas State Board of Public Accountancy, 333 Guadalupe, Tower 3, Suite 900, Austin, Texas 78701 or faxed to his attention at (512) 305-7854.