



**ARIZONA STATE SENATE**  
*Fifty-Seventh Legislature, Second Regular Session*

FACT SHEET FOR S.B. 1181

certified public accountants; certification; alternative

Purpose

Effective January 1, 2027, outlines alternative qualification requirements for an applicant to obtain certification as a certified public accountant (CPA). Modifies the powers and duties of the Arizona State Board of Accountancy (Board).

Background

The Board is established primarily to protect the public from unlawful, incompetent, unqualified or unprofessional CPAs through certification, regulation and rehabilitation. The Board's duties include: 1) issuing CPA certificates to qualified applicants; 2) approving applications for CPA firm registration; 3) investigating conduct to determine if a CPA or CPA firm has violated relevant statutes or rules; 4) establishing high standards for competence, independence and integrity; 5) establishing continuing professional education requirements; and 6) adopting rules and procedures for peer reviews, disciplinary actions and administrative hearings. The Board may delegate certain outlined authorities to the Board's Executive Director ([A.R.S. § 32-703](#)).

The Board must issues certificates of CPAs to applicants who: 1) are at least 18 years old; 2) have not engaged in any conduct that would constitute grounds for revocation or suspension or other disciplinary action; 3) have passed the Uniform CPA Examination; 4) have had at least 2,000 hours of experience, as prescribed; 5) present satisfactory evidence that the person has successfully obtained a baccalaureate or higher degree from an accredited institution; and 6) have completed at least 150 hours of education, including minimum semester hours in accounting and related courses ([A.R.S. § 32-721](#)).

There is no anticipated fiscal impact to the state General Fund associated with this legislation.

Provisions

***Board Powers and Duties***

1. Specifies that the primary duty of the Board is to protect the public from unlawful, incompetent, unqualified or unprofessional CPAs and CPA firms, rather than only CPAs, through certification, regulation and rehabilitation.
2. Specifies that the Board may investigate complaints filed with the Board or on its own motion to determine whether a CPA and CPA firm or limited reciprocity privilege individual or firm, rather than only a CPA, has engaged in violations of the accountancy profession statutes.

3. Allows the Board to delegate to the Executive Director the authority to:
  - a) approve a request for inactive status; or
  - b) approve reinstatement from cancelled or expired status.
4. Prohibits the basic requirement for continuing professional education of a CPA established by the Board from exceeding 80 hours in any two-year registration period, rather than in any registration renewal period.

#### ***CPA Qualifications***

5. Replaces the 2000-hour work experience and the 150-semester hour requirement for an initial CPA applicant with the requirement for an applicant to present satisfactory evidence to the Board that the applicant:
  - a) has obtained a baccalaureate degree and at least two years of experience;
  - b) has obtained a baccalaureate degree with 30 additional credit hours and at least one year of experience; or
  - c) has obtained a postbaccalaureate degree and at least one year of experience.
6. Replaces the 150-semester hour requirement for a reciprocal CPA applicant with three years of experience with the requirement to obtain either:
  - a) a postbaccalaureate degree; or
  - b) a baccalaureate degree with 30 additional semester hours.
7. Removes the prescribed number of semester hours in accounting and related courses required for the education qualifications of new or reciprocal CPA applicants.
8. Requires the Board to adopt rules regarding the number of semester hours of accounting courses and related courses required to fulfill the education qualifications of new or reciprocal CPA applicants.

#### ***CPA Examinations***

9. Removes the prescribed amount of semester hours in minimum accounting courses related courses required for a person to be allowed to take the Uniform CPA Examination.
10. Requires the Board to determine by rule a number of semester hours of accounting and related courses required for a person to take the Uniform CPA Examination.

#### ***Limited Reciprocity Privilege***

11. Requires an applicant, in order to qualify for limited reciprocity privilege, to:
  - a) meet the education qualification prescribed for a new CPA applicant, rather than the prescribed 150-semester hours requirement;
  - b) meet the conditions under the universal licensure statute, rather than the conditions for a reciprocal CPA applicant; or
  - c) hold a valid active registration, certificate or license as a CPA from any jurisdiction as on December 31, 2024.
12. Clarifies that an individual claiming permission to practice as a CPA in Arizona under the limited reciprocity privilege has the burden of demonstrating that the applicable qualification

requirements have been satisfied in any disciplinary proceeding, rather than any other proceeding.

#### ***Registration Period***

13. Requires registrants for less than two years, for a CPA firm registration, to be charged on a pro rata basis for the remainder of the registration period.
14. Requires the registration fee for retired status is due during the month of the anniversary of the registrant's birthday.
15. Requires registrants for less than two years, for a retired status registration, to be charged on a pro rata basis for the remainder of the registration period.
16. Clarifies that the registration fee for CPAs may be reduced or waived by the Board for registrants with a disability to a degree precluding the continuance of their practice for six or more months before the due date of any registration fee, rather than any renewal fee.
17. Clarifies that a firm that applies for registration must list in its application or registration all jurisdictions in which the firm has any disciplinary actions, other than a failure to timely register a license, rather than a failure to timely renew a license.

#### ***Cancelled Status***

18. Prohibits a registrant whose certificate or registration is under investigation by the Board from canceling a certification or registration.
19. Prohibits a registrant whose CPA firm registration is canceled from assuming or using the CPA designation while the registration remains on canceled status unless the firm qualifies for limited reciprocity privilege.

#### ***Relinquished Status***

20. Clarifies that the Board may offer relinquishment of a CPA certification or firm registration pending or instead of an investigation or disciplinary proceeding or under a disciplinary order.
21. Clarifies that, in order for a relinquishment of CPA certification or firm registration to be complete, the registrant must acknowledge that an investigation or disciplinary proceeding, rather than only a disciplinary proceeding, has been initiated.
22. Clarifies that a registrant may apply for reinstatement of a certificate or registration, rather than a new certificate or registration, in accordance with reinstatement requirements.

#### ***Reactivation of Certification***

23. Clarifies that a CPA with a certificate status of inactive or retired may request reactivation if the registrant files an application, rather than an application for renewal, on a form prescribed by the Board.
24. Removes the 150-hour education requirement for reinstatement of a certificate status of expired, relinquished or revoked with the requirement that the individual obtain either:
  - a) baccalaureate degree; or

b) postbaccalaureate degree.

25. Removes the prescribed number of semester hours of accounting and related courses required for the education qualifications for reinstatement of a CPA certificate status of expired, relinquished or revoked.
26. Requires the Board to adopt rules regarding the number of semester hours of accounting and related course required to fulfill the education qualifications for reinstatement of a CPA certificate statute of expired, relinquished or revoked.

#### ***Revocation or Suspension***

27. Clarifies that the Board may revoke or suspend or revoke and take disciplinary action concerning a refusal to register, rather than a refusal to renew, a certificate or other authority to practice as a CPA by any other jurisdiction or foreign country for any cause other than failure to pay license or registration fees.
28. Deems the certification or registration of any registrant who fails to timely register and pay the registration fee, rather than the biennial registration fee, as suspended without prior notice or hearing.
29. Clarifies that a suspension for non-timely registration is vacated when the registrant has paid all past due fees and has satisfied all other requirements for registration, rather than requirements for renewal.
30. Clarifies that a certification or registration expires if the registrant fails to register, rather than fails to renew, their certification or registration within three months of a suspension for non-timely registration.
31. Clarifies that a suspension for noncompliance with continuing education requirements is vacated when the Board has determined that the registrant has complied with the continuing education requirement and had satisfied all other requirements for registration, rather than requirements for renewal.

#### ***Disciplinary Proceedings***

32. Specifies that the Board may initiate disciplinary proceedings, rather than initiate proceedings, for cause, either on its own motion or a verified complaint.
33. Requires a written notice stating the nature of the charge or charges against a CPA or CPA firm, rather than only a CPA, to be served as prescribed.

#### ***Confidential Information***

34. Prohibits CPAs and CPA firms, rather than only CPAs, practicing in Arizona from being required to divulge, nor voluntarily divulge, client records or information they have received by reason of the confidential nature of their employment.
35. Excludes continuing professional education audits from the public records exemption prescribed for records involving the investigation of registrants.

*Miscellaneous*

36. Defines *baccalaureate degree* as an academic undergraduate degree awarded by an accredited institution or by a college or university that maintains standards comparable to those of an accredited institution.
37. Defines *complaint* as a written statement from a member of the public or a matter identified by the Board, the Board's advisory committees or the Board's staff that involves a person, a CPA or a CPA firm regarding any potential violation of the accountancy profession statutes.
38. Specifies the definition of *disciplinary action* to include the imposition of the reimbursement of the Board's costs of disciplinary proceedings, rather than the Board's cost of proceedings, initiated under the accountancy profession statutes.
39. Defines *disciplinary proceedings* as a proceeding at which a hearing occurs before the Board or the Office of Administrative Hearings and at which the legal rights, duties or privileges of a CPA or CPA firm are at issue.
40. Defines *experience* as any verified paid or unpaid experience providing accounting services through employment gained in government industry, academia or public practice in which one year equals 2,000 hours.
41. Defines *investigation* as the processes undertaken during the period between receipt or initiation of a complaint or initiation of a continuing professional education audit and either a final disposition by the Board or a disciplinary proceeding.
42. Includes, to the definition of *limited reciprocity privilege*, the permission to practice in Arizona in accordance with statute for a CPA firm whose principal place of business is outside of Arizona.
43. Defines *postbaccalaureate degree* as an academic degree awarded after a baccalaureate degree by an accredited institution or by a college or university that maintains standards comparable to those of an accredited institution.
44. Designates this legislation as the *Certified Public Accountancy Act of 2026*.
45. Makes technical and conforming changes.
46. Becomes effective on January 1, 2027.

Prepared by Senate Research

February 2, 2026

JT/ci