

# THE PROBLEM WITH ONE-SIZE-FITS-ALL 'UNIVERSAL LICENSING'

BY MARTA ZANIEWSKI

AICPA STATE REGULATORY AND LEGISLATIVE AFFAIRS



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The latest trend among state lawmakers looking to solve economic challenges is occupational licensing reform, often in the form of so-called “universal licensing” — requiring states to grant a license to a license holder from any state across all occupations and professions.

But poorly conceived, one-size-fits-all licensing reform creates a new set of problems. Lawmakers are working against the interests of their constituents by scaling back regulations and established accountability models that have protected the public for decades.

Over the years, we have seen firsthand the consequences when necessary regulations and protective measures are deemed unnecessary due to political interests. That was evident in Texas with the power crisis following February 2021’s winter storms. Regulations were changed more than 20 years ago in favor of “consumer choice” and an open market.

As a result, there was no agency enforcing accountability, such as updating energy resources for the state, and the public suffered when the system failed in the end. It was just the latest example of what can happen when you remove oversight in the name of low costs.

The goal of so-called universal licensing reform is certainly admirable: to make it easier for people to move with their careers. Of course people should be able to work

where they want, but we must protect the public by ensuring that license holders, particularly in highly technical professions, are qualified wherever they practice. Professions like architecture, certified public accounting, engineering, landscape architecture and surveying are responsible for the integrity of the nation’s buildings and other physical infrastructure, as well as its financial systems. Each profession requires rigorous and ongoing education, examination and experience.

The key failing of these bills — and why universal licensing is set up to fail — is that they don’t consider how critical what’s known as “substantial equivalence” is to successful

*Making it easier for professionals to practice across state lines is appealing, but if it isn't done right, it can endanger the public's health and safety.*

interstate practice. Substantial equivalence refers to the trust and confidence that the qualifications underlying one state’s license are on par with those of other states.

Without the trust and accountability of substantial equivalence, policymakers will create problems for consumers who will no longer have faith in the qualifications of professionals. What mistake will need to occur for us to look back and realize that reasonable regulation matters?

Some proponents of universal licensing reform point to doctors and other medical professionals being allowed to practice

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across state lines and mobilize where they have been most needed during the COVID-19 crisis. However, the interstate practice of medical professionals is actually an argument in favor of rigorous standards and substantial equivalency.

The reason states could trust that out-of-state doctors were qualified to help was because they had confidence in the strong underlying licensing requirements and the licensing systems that uphold them: substantial equivalence. In every state, medical professionals must meet stringent licensing standards. The country’s ability to respond to the crisis was made possible

*Continued on page 13*





## PRESIDENT'S MESSAGE

**PERSPECTIVE.** That is what is on my mind as I write for this edition of the NDCPAS Newsletter. Perspective on the pipeline, legislation affecting CPAs, the current tax season, relationships and becoming a better version of myself.

I was pleased to see the State Board of Accountancy bill (SB 2061) be passed by the Senate and moving on to the House. I believe permitting “a candidate to take the examination if the candidate has at least one hundred twenty semester hours of college education” is a move in the right direction for the profession. There is also movement across the nation to provide new avenues for candidates to work toward the 150 semester hours needed for licensure. The ideas are varied and I am curious to see how the profession addresses this area. I am very proud of the efforts of the Society’s staff, Board of Directors and committees as they monitor and provide feedback about all the relevant bills being considered by the ND Legislature. The staff has done a great job of communicating the Society’s advocacy efforts during a legislation session that has been busier than usual for CPAs.

You may chuckle that I included the current tax season in my list above as I am not a tax professional. BUT I have a lot of respect for what tax professionals do to support our businesses and individuals in society. The February 16 AICPA Town Hall meeting included conversations about Sec. 174 R&E cost treatment. Should we speak about this as R&D or R&E? The presenters decided to say R&D knowing the audience had to have proper context to know when it is really R&E v. R&D. The AICPA provided a link to an article that includes an overview of changes and guidance from the IRS and Treasury (<https://www.thetaxadviser.com/issues/2022/jul/legislative-changes-research-experimental-software-development-costs.html>).

I recently read the book Bravo Company: An Afghanistan Deployment and Its Aftermath by Ben Kesling. In the author’s note at the end of the book Kesling notes:

After all these long conversations with Bravo Company veterans I know one thing for certain: The deepest existential truths only can be revealed through genuine interaction with other people. God evinces the divine in our fellow humans and we’d better pay attention to such power wherever it manifests. It takes other people to let us look more deeply at ourselves. It takes others to help us interpret and understand what we’ve gone through and what we’re going through. In other words, we need other people in our lives in order to call us out on our bullshit. Likewise, we need others to praise us for that which we do well but don’t give ourselves credit for.

As members of the accounting profession, we provide great value to society. As NDCPAS members you have the chance to provide great value to our CPA Society. On behalf of our country, accept my praise for what you do well and don’t give yourself credit for.

I heard today that a member from my extended family ended his own life. Perspective. Do we help others look more deeply at themselves? Do we help others interpret and understand what they are going through? Do we praise other people that need to hear some praise?

A final note regarding the Kesling quote. As your current president please receive the permission – and a request from me – to call me out on my BS. We will all be better for it.

Robert Dosch, CPA  
President



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## WELCOME NEW MEMBERS

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Terri Gayhart..... Fargo  
Aliya Goetzfried ..... Bismarck  
Abbigael Hartel..... Fargo  
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Chad Leskiw, ..... Winnipeg  
Noah Macdonald ..... Jamestown  
Lin Tang..... Beijing  
Riley Thoreson..... Grand Forks  
Sarah Tomberlin ..... Fargo  
Taniah Tosel ..... Fargo  
Qi Zhenyu ..... Fargo

## IN MEMORY



**SCOTT FOSSUM**  
Scott was employed by Widmer Roel in Fargo. He passed away on January 22 at the age of 34.

Scott had been a member of the Society since 2014 and attended every CPA convention since becoming a member.



**MICHAEL ORVIK**  
Michael was a Sole Practitioner and owner of Michael Orvik, CPA for 35 years in Parshall, ND.

Michael passed away on January 22 at the age of 67. He was a ND CPA Society member for 44 years.

## NORTH DAKOTA AICPA COMMITTEE MEMBERS 2022-2023



**AMANDA GESSNER, SCHMITZ-HOLMSTROM**  
Amanda is a member of the **Young Member Leadership Committee**. Their mission is to actively promote and enhance the young CPA experience in the accounting profession by providing targeted leadership programs and networking opportunities to the next generation of leaders.



**MICHAEL SCHMITZ, SCHMITZ-HOLMSTROM**  
Mike is a member of the **Auditing Standards Board** - AICPA’s senior committee for auditing, attestation, and quality control applicable to the performance and issuance of audit and attestation reports for non issuers.



**MICHELLE SCHUMACHER, STONERIDGE SOFTWARE**  
Michelle is a member of the **Board of Examiners**, a senior committee of the AICPA. Their mission is to provide reasonable assurance to boards of accountancy that candidates who pass the Examination possess the level of technical knowledge and the skills necessary for initial licensure to protect the public interest. Michelle is also a designated one-year member of **Council**.



**CLARENCE SITTER**  
**THEODORE ROOSEVELT MEDORA FOUNDATION**  
Clarence is North Dakota’s elected three-year **Council** representative. The Council is the governing body of the AICPA and is comprised of approximately 265 members and representatives from every state and U.S. territory.

## CONGRATULATIONS PASSING THE CPA EXAM October - December 2022

Abbigael Hartel	Emily Smith	Natalya Stewart	Taniah Tosel
Anuj Pratap	Evangeline Sanders	Nathan Peasland	Treven Hopfauf
Brody Engen	Grace Culshaw	Nivas Sham Prasad	Vikul Kumar
Carter Kretchman	Grace Drewicke	Rahul Shroff	
Cass Meyers	Kaajal Hingorani	Rajasri Admala	
Devan Praska	Katelyn Duppong	Rebecca Rage	
Dhiraj Karda	Mohit Gogia	Ruth Tesfaye	
Divya Shetty	Naima Fatimi	Sayyid Illikkal	



Occupational license reform is nothing new. Each year the number of states introducing bills has increased. It’s a bit confusing when words like substantial equivalency or universal licensing get tossed around. At first glance many of these things sound like a good idea and for some occupational boards, I’m sure it makes sense. However, for CPAs and other highly skilled professions, a one-size-fits-all approach has the potential to unravel the years of hard work. So, what is the issue with universal licensing, centralized boards and why is substantial equivalency important to CPAs? Let’s review some of the more prominent issues that have surfaced at the state level and then I will briefly comment on a bill proposed by our MN neighbors.

### Universal Licensing

The front-page article of this newsletter does a good job outlining the dangers of a one-size fits all licensing process. The CPA profession is often referred to as the model for working across borders. Licensees can easily work across states, yet there are processes in place that protect the public. Essentially all states have agreed on the three E’s – Education, Exam and Experience. There are many different variations by state, but a basic agreement on these items is what makes us “substantially equivalent.” Senate Bill 2184 dealt with uniform regulation of occupations. Also, the final senate version of SB 2249 was amended into a study of continuing education requirements and more efficient practices for licensing out-of-state practitioners. The amendment sponsor quoted the Arizona universal license system which has shown some good and bad consequences. I should also mention that the North Dakota Workforce Development Council had a subcommittee focused on Occupational Licensure Reform. They noted that they were encouraged to see the Board of Accountancy processes licenses quickly, monitors trends in other states and has defined processes for applicants with criminal backgrounds. In my opinion, their final report seemed quite positive towards the board system in North Dakota.

### Centralized Boards

Currently, boards and commissions are operated independently in North Dakota. Bills that want to centralize the boards would put all staff under one roof. In other states, this means the Executive Director of the Board of Accountancy may also be the Executive Director of the Electrical Board or the Board of Massage Therapy and more. While at first glance it might make sense to centralize some of these processes, I urge you to think about the vast differences among the various

boards and professions. Both SB 2337 and SB 2249 would have combined all Board administrative services. The Society supplied testimony for each bill and ultimately they were either defeated or amended to remove the centralization of staff. For me, the most compelling argument against centralized boards came from the Nevada Society who administers peer review for six different states. In their experience, those states with centralized boards do not monitor or discipline CPAs/Firms who are failing in their attest services until an outside agency prompts for action. For example, a dedicated Board of Accountancy will proactively monitor the requirements of a CPA who provides audit services to a client. They will remind the CPA that it is time for a peer review. They will follow up if peer review is not performed by the due date. They will monitor a CPA who receives consecutive non-pass peer review reports. They will ask for remediation by the CPA to improve their service quality. All these actions help to ensure that audits can be relied upon by stakeholders and the public. This is a vital component of CPA services and of the public trust of financial reports. Centralized boards rarely perform these actions. They wait until a peer review administrator, a federal agency, or client notifies them of misconduct or poor services. The ability to catch the issues before they become a major failure helps all involved in the process.

On a national scale, the MN CPA Society has just introduced a bill which would allow another pathway to getting your CPA without obtaining 150 college credits. That’s a difference to the three E’s mentioned above, so if passed, this bill could create some problems for MN licensees crossing borders.

If this legislative session has taught me anything it is to look at a bill from all angles. It’s important to hear and read the testimony and definitely important to read the bill itself. Although we may not agree with a bill as first presented, what is the problem it is trying to fix? Are the right people at the table giving input? Can we work towards a common goal to better the situation? Nationally, the MN bill has started a conversation. As we move forward, it will be important to have all stakeholders weigh in on the issue. This is not an AICPA and a NASBA only issue. State Boards, CPA Societies, CPAs in all areas of the profession should take part in the conversation and work together to come to the best solution.



Sherre Sattler  
Executive Director

## CONGRATULATIONS TO OUR 2022 BOARD OF DIRECTORS SCHOLARSHIP WINNERS!

Each year the Society awards (5) \$1,000 scholarships. Recipients must be a Society member who intends to write the CPA Exam and become a CPA. Applicants provide a narrative about why they are pursuing the CPA credential and must have completed Intermediate Accounting by the application deadline.

This year we received a \$5,000 gift from Deloitte for the purposes of Diversity, Equity and Inclusion. The Society chose to award 5 additional scholarships to students who are traditionally underrepresented in the profession with these funds.



**Patrick Stalboerger**  
Patrick is a native of Sartell, MN. He attends UND and plans to graduate in 2023 with a Bachelor of Accountancy with a mathematics minor.



**Megan Weber**  
Megan is a native of Henning, MN. She attends NDSU and plans to graduate in May of 2025 with a Accounting and Finance degree.



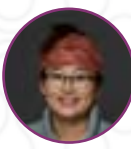
**Coralie Schwartzwalter**  
Coralie is a native of Hickson, ND. She attends NDSU and plans to graduate in 2023 with a Bachelor of Accountancy.



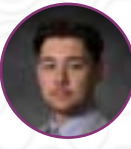
**Hallie Bakke**  
Hallie is a native of Bismarck, ND. She attends the University of Jamestown and plans to graduate in the spring of 2024.



**Brooke Goven**  
Brooke is a native of Mercer, ND. She attended UND and graduated with a Bachelor of Accountancy and a Bachelor of Business Administration.



**Leilei Bao**  
Leilei is a native of Ningbo, China. She attends NDSU and plans to graduate in the spring of 2023 with a Master of Accountancy



**Tyler Purdy**  
Tyler is a native of Las Vegas, Nevada. He attended UND and graduated with a Bachelor of Accountancy and a Minor in IS.



**James Acevedo**  
James is a native of Washburn, ND. He attends Minot State University and plans to graduate in the Spring of 2024 with a major in Accounting and Finance



**Miranda Millette**  
Miranda is a native of East Grand Forks, MN. She attends UND and plans to graduate in the spring of 2024 with a Bachelor of Accountancy and a minor in Leadership. In the spring of 2025 she plans to graduate with a Master in Accountancy.



**Parker Decoteau**  
Parker is a native of Bismarck, ND. He attends United Tribes Technical College and plans to graduate in 2024.

## 2023 SOCIETY AWARDS

*Nominate someone exceptional today! The Society is looking for nominees for the following awards:*

### LIFETIME MEMBERSHIP AWARD

This award is to recognize long-standing Society participation. The recipient must be a CPA and retired (not employed full time, and must be 60 or older). Generally the award will be presented to a CPA who has been actively involved over a number of years. To nominate or apply for life membership, simply prepare a brief recommendation letter and email it to the Society office, mail@ndcpas.org. Nominations due May 15.

### THE MAKING A DIFFERENCE AWARD

This award is available to recognize significant contributions in community service or within education, or service to the CPA Society. Recipients must be a CPA and a Society member. Nomination forms are available at ndcpas.org/awards and due July 31.





## FOUNDATION DONATIONS

THE FOLLOWING HAVE DONATED \$50 OR MORE SINCE JANUARY 2022

Darlys Anderson	David Glennon	Rhonda Mahlum	Marijo Schwengler
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Amanda Gessner	Nicholas Lee		

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## MEET OUR MEMBERS

### Rayna Kordonowy



**Current Job:** Assistant Controller / United Energy Corporation / Bismarck, ND

**Hometown:** Sidney, MT

**Alma Mater/Degree:** University of Mary / Bachelor of Science in Accountancy, and Financial Services and Banking, with a minor in Business Administration, University of Oklahoma / Master of Accountancy

**Any current Professional and Community Activities?** NDCPAS Industry Committee, NDCPAS NextGen Committee

**What or who inspired you to become a CPA?** Having a general love of numbers is what led me down the accounting path. I always knew I wasn't complete until I had CPA behind my name, but I'd gotten lost in the work shuffle and kind of pushed it aside. The support system around me really encouraged me to take the CPA exam!

**What is your favorite thing about your job?** The fast pace and the variety of exposure I get working for a private company. The energy industry is exciting and there are opportunities to be exposed to a lot of different accounting concepts working in a small team. One day you may be looking at derivatives and the next day you may be working through a business combination. Every day is a new day and the people I get to experience each day with, make it the best!

**What was your first job?** Worked in sales, as well as helped with the bookkeeping for a local clothing boutique.

**Tell us about your family:** Matt is the Bakken Capital Materials Manager, for XTO Energy, a fully owned ExxonMobil Subsidiary, and when we aren't busy with our careers, we are busy with our ranch. We have a Wagyu beef program and supply various restaurants across the state with Wagyu!

**Tell us about a book that influenced you:** In the last year I read the book "Leaders Eat Last" by Simon Sinek, and highly recommend this book to anyone in a leadership role. One of my favorite takeaway points was, the true price of leadership is the willingness to place the needs of others above your own. Great leaders truly care about those they are privileged to lead and understand that the true cost of the leadership privilege comes at the expense of self-interest.

**What do you like to do in your free time:** One of my favorite things to do in my free time is spend time at the gym. If I'm not in the gym with my free time, I'm most likely reading a book or crafting!

**Dream Vacation:** Travel is something that I have been blessed to experience a lot of in my lifetime. I'd say my dream vacation is a couple week trip to hike throughout Patagonia.

**Favorite Food:** Nothing beats a Ribeye!

**Something most people don't know about me:** I have played the piano since I was 4 and you will always find me at my piano on a bad day. Music is good for the soul!

### Linda Brew



**Current Job:** Controller, EP Management, Inc., Fargo

**Hometown:** Dickinson

**Alma Mater/Degree:** Bachelor of Science, Accounting, Dickinson State University

**Any current Professional and Community Activities?** FM CPA's. I also serve with Northview Kid's Ministry at my Church.

**What inspired you to become a CPA?** I've always liked numbers. I took an elective accounting class in high school and really loved it, so accounting was a logical choice.

**What is your favorite thing about your job?** Besides public accounting I have held positions in the telecommunications, construction, and real estate industries. Each one has offered variety and opportunity – no day ever gets boring. Most importantly, I've worked with some amazing people and made life-long friendships.

**What was your first job?** Babysitting and working at the Dairy Queen in high school.

**Tell us about your family:** I have three married children and ten grandchildren.

**Tell us about a quote that influenced you:** There are many, but to me the most valuable quote is about relating to people: "Do unto others as you would like them to do to you." Luke 6:31

**What do you like to do in your free time:** I love to spend time outdoors, read, listen to music, and spend time with family and friends. I like to travel, especially the trips I take with my grandkids in lieu of other gifts – creating memories!

**Dream Vacation:** I've started planning a bucket-list trip to Italy with my cousin and sister.

**Favorite Food:** Anything Italian.

**Something most people don't know about me:** My youngest son and I started "school" at the same time. We got our shots together, then he started kindergarten, and I went to college.

## AICPA LEADERSHIP ACADEMY

The leadership academy is scheduled for Dec 11-14, 2023 in Durham, NC. The academy exposes the next generation of CPAs to strong leadership ethics and service while providing them with the strategies to forge relationships and become a leader within their organization, community, and the CPA profession.

**The CPA Society will sponsor the conference fee plus travel expenses up to \$500 for a ND candidate who is accepted. Contact the Society office for more information.**



# UPCOMING CPE OPPORTUNITIES

## YOUNG PROFESSIONAL SPRING EVENT

Thursday, May 18 | 10:00 AM – 3:00 PM  
Bismarck & Fargo

This in-person event will include great CPE and networking with other young professionals. Flourish will hold a session on preventing burnout and finding your purpose. There is also an ethics session worth 2 CPE Credits.

More details to come! Please email questions to [cpe@ndcpas.org](mailto:cpe@ndcpas.org)

## FREE ETHICS WEBINAR FOR MEMBERS

Wednesday, June 14 | 2:00 - 4:00 PM | Virtual  
2 CPE Ethics

We will be offering a free two hour ethics webinar for our members on June 14. The title and registration will be released closer to the date of the event. Nonmembers can also take this webinar but there will be an additional cost. Stay tuned for more information!

## CPE PACKAGES

### Surgent's Unlimited Webinar Package

Unlimited Webinar access for 12 months

Member .....\$475

Nonmember.....\$699

Includes:

- 1, 2, 3, 4, 5, and 8-hour CPE options
- Certificates within 24 hours of completion
- Access to over 1,200 webinars

\*Does not include premium webinars\*

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Nonmember.....\$849

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- 1,200+ live webinar options
- 190+ Self-study courses
- 100+on-demand webcasts

\*Does not include premium webinars\*

## IN-PERSON CLASSES

06/05-06	Summer Variety Pack	Bismarck
06/19-20	Management Conference	Fargo
08/21-22	Farm Tax Conference	Bismarck
09/17-19	Annual Convention	Fargo

### Surgent's Unlimited Self-Study Package

Unlimited access to self-Study Courses for 12 months

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Nonmember.....\$499

Includes:

- Over 1,200 credit hours
- 250+ downloadable courses and materials
- Quick certificate delivery and instant test results

\*Does not include premium webinars\*

### SHOWCASE YOUR BUSINESS!

We are looking for exhibitors and sponsors for our 2023 conferences. If you or your business are interested in sponsoring or advertising at one of the events below go to [ndcpas.org/exhibitor](http://ndcpas.org/exhibitor) to register.

### EVENTS TO SPONSOR:

Management Conference | June 19-20 | Fargo  
Farm Tax Conference | August 21-22 | Bismarck  
Annual CPA Convention | September 17-19 | Fargo

Please reach out to [cpe@ndcpas.org](mailto:cpe@ndcpas.org) if you have any questions.



# SUMMER VARIETY PACK

\$165 for Members per Class

8:30 AM - 4:30 PM | JUNE 5-6 | 16 CPE

Ramada - Bismarck

## JUNE 5

### CURRENT ISSUES IN ACCOUNTING & AUDITING

8:00 AM - 12:00 PM | 4 CPE

Designed for accounting and attestation practitioners at all levels in both public accounting and business and industry, this course provides an overview of recent FASB and AICPA activity, including recently issued and proposed Accounting Standards Updates (ASUs); the latest on the new lease accounting standard, Topic 842; other relevant ASUs.

Instructor: Kerry Roberts

Field of Study: 2 Accounting & 2 Auditing

### SURGENT'S INDIVIDUAL INCOME TAX UPDATE

8:00 AM - 12:00 PM | 4 CPE

This highly informative course will bring you up-to-speed on the latest in individual tax law developments and the corresponding or responsive planning opportunities available to your clients. You will come away from the course ready to educate your individual tax clients and implement tax-savings ideas that will serve their ever-evolving needs. Continually updated to reflect enacted legislation.

Instructor: John Sherrick

Field of Study: 4 Taxes

### GUIDE & UPDATE TO COMPILATIONS, REVIEWS, AND PREPARATIONS

12:30 PM - 4:30 PM | 4 CPE

Specifically designed for preparation, compilation, and review practitioners, this course will provide you with a comprehensive review and hands-on application for performing financial statement preparation, compilation, and review engagements. You will learn the ins and outs of applying SSARS No. 21, Clarification and Recodification, as well as the additional guidance related to SSARS engagements through the issuance of SSARS Nos. 22-25 by the ARSC.

Instructor: Kerry Roberts

Field of Study: 4 Auditing

### S CORPORATION, PARTNERSHIP, & LLC TAX UPDATE

12:30 PM - 4:30 PM | 4 CPE

Attend this course to learn about FICA, the Medicare tax, and more. You will cover real-world situations and use the tools provided to advise your clients to make optimal decisions when it comes to Social Security and Medicare.

Instructor: John Sherrick

Field of Study: 4 Taxes

## JUNE 6

### ETHICAL CONSIDERATIONS FOR CPAS

8:00 AM - 12:00 PM | 4 CPE

CPAs today face greater challenges than ever to maintain the high ethical standards of their profession. This course provides a framework within which to consider the ethical challenges facing CPAs and focuses on ethical requirements that CPAs must adhere to in their everyday practice, including practical examples of potential ethical dilemmas that practitioners may encounter.

Instructor: Kerry Roberts

Field of Study: 4 Behavioral Ethics

### SECURING A COMFORTABLE RETIREMENT

8:00 AM - 12:00 PM | 4 CPE

This course gives CPAs the knowledge to help their clients plan for retirement by evaluating how much retirement income they will require and planning for how to reach their retirement goals.

Instructor: John Sherrick

Field of Study: 2 Taxes & 2 Specialized Knowledge

### FINANCIAL STATEMENT DISCLOSURES: A GUIDE FOR SMALL AND MEDIUM-SIZED BUSINESSES

12:30 PM - 4:30 PM | 4 CPE

Oftentimes financial statement users will first turn to the notes in the financial statements in order to get a feel for where the business might be heading, so these disclosures need to be well-written and follow applicable standards. This course focuses on key balance sheet and income statement disclosure as well as those relating to adoption of new accounting standards related to revenue (ASC 606) and leases (ASC 842), accounting policies, changes in accounting estimates and errors, subsequent events, going concern, and related party disclosures.

Instructor: Kerry Roberts

Field of Study: 4 Accounting

### MAXIMIZING YOUR SOCIAL SECURITY BENEFITS

12:30 PM - 4:30 PM | 4 CPE

Financial and tax planners can expect increased demand for strategies that dovetail Social Security with other retirement and estate planning objectives. This course provides tax and financial planning professionals with both the background information on the Social Security system and the strategies clients will need in dealing with Social Security, and the myriad other related retirement planning issues.

Instructor: John Sherrick

Field of Study: 4 Taxes





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## UPDATES FROM THE STATE TAX COMMISSIONER

### Tax Season Underway

Filing for the 2022 tax season opened Jan. 23, 2023, and the Office of State Tax Commissioner is prepared for another substantial year.

Last year, we processed more than 474,000 individual income tax returns. In 2022, 92 percent of North Dakotans filed their individual income tax returns electronically. We continue to encourage taxpayers to e-file, as it is faster and can improve taxpayers’ overall experience through security, accuracy and timeliness.

The 2021 North Dakota Legislature created a tax relief income tax credit for residents. For taxpayers who are full-year residents and married filing jointly, the tax credit is up to \$700, those who are filing individually will receive up to \$350. More information is available at [www.tax.nd.gov/SpecialSession2021](https://www.tax.nd.gov/SpecialSession2021).

Filing continues until April 18 this year.

### New Law Requires Passthrough Entity to E-File

Taxpayers that are filing as a Partnership, a S Corporation or under a Trust, with 10 or more owners or beneficiaries, are now required to e file after a recent law change.

The adjustment to the filing requirements was part of the 2021 House Bill 1082. Once the bill took effect, the Office of State Tax Commissioner sent close to 500 reminder letters to businesses and trust owners that fall under this new requirement to e-file.

Overall, most North Dakota residents are utilizing the e-filing option. E filing provides a safer way for taxpayers to file. Those who e-file can also expect a quicker refund.

### North Dakota Experiences Rise in Taxable Sales and Purchases

Cities across the state continue to see a rise in taxable sales and purchases, as economic activity continues to be extremely strong. In reviewing the third quarter Taxable Sales and Purchases Report, data indicated a 27.49 percent increase.

Two of North Dakota’s largest industries continued to lead the way in taxable sales and purchases. Both energy and agriculture benefitted from favorable commodity pricing in 2022. Inflationary pressure, associated higher prices for consumer goods and proportionate sales tax collections, were a factor in the state’s sixth consecutive quarter of double-digit growth.

North Dakota’s 50 largest communities posted an increase compared to the prior year and virtually all the state’s major industry sectors reflected year-over-year growth. Percent changes for the third quarter of 2022 (compared to the first quarter of 2021) for the four largest cities in North Dakota were as follows:

- Minot – Increase of 21.0%
- Fargo – Increase of 7.3%
- Bismarck – Increase of 11.7%
- Grand Forks – Increase of 13.7%

Of the 50 largest cities in North Dakota, the highest percentage of increases for the third quarter of 2022 (compared to the third quarter of 2021) were as follows:

- Northwood – Increase 83.0%
- Hillsboro – Increase 72.1%
- Cavalier – Increase 69.9%
- Stanley – Increase 66.4%
- Ashley – Increase 64.6%

Data from 2022’s North Dakota Sales and Use Tax Statistical Report can be accessed through an interactive Power BI report found at [www.tax.nd.gov/data](https://www.tax.nd.gov/data).

### 2023 Legislative Session

Throughout the 2023 legislative session, the Office of the State Commissioner has tracked hundreds of bills related to taxes that will affect individuals and businesses throughout North Dakota.

Our office is committed to working with law makers to ensure any new tax law is administrable from an agency and a tax preparers standpoint.

Brian Kroshus  
Tax Commissioner







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Before you invest, consider whether your or the beneficiary's home state offers any state tax or other state benefits such as financial aid, scholarship funds, and protection from creditors that are only available for investments in that state's qualified tuition program.

The College SAVE Plan (College SAVE) is a 529 plan established by the State of North Dakota. Bank of North Dakota (Bank) acts as trustee of College SAVE Trust, a North Dakota Trust, and is responsible for administering College SAVE Trust and College SAVE. Ascensus Broker Dealer Services, LLC ("ABD"), the Plan Manager, and its affiliates, have overall responsibility for the day-to-day operations of College SAVE, including recordkeeping and marketing. The Vanguard Group, Inc. (Vanguard) provides underlying investments for the Plan. College SAVE's Portfolios, although they invest in mutual funds, are not mutual funds. Units of the Portfolios are municipal securities and the value of units will vary with market conditions.



### ETHICS CORNER The Case of the Incendiary Audit

Arson Welles is a very creative entrepreneur. His latest idea was to open an amusement park; Arson Welles' Pyro Park. It's a place where people who greatly enjoy lighting things on fire can, for an admittance fee of \$100, receive large farmer's matches and can, from a safe promontory, toss a lit match at different venues (a barn, a house, a bus, a warehouse or a CPA office) and watch them ignite into explosive flames. After 45 seconds an automatic system extinguishes the flames.

The amusement park cost quite a bit to construct and the bank that provided financing asked for an audited financial statement. During their audit, the CPA firm noted that flammable compounds were improperly stored and flushed into the soil.

Q. Is this beyond the scope of the audit?

A. No. On the face, this appears to be a NOCLAR which includes environmental protection laws as an item auditorsshould consider. See 1.180.010. The NOCLAR section of the Code is effective June 30, 2023 with early implementation allowed.

#### Charles Selcer, CPA

Charles Selcer, CPA, has over 30 years of audit and business consulting experience. His areas of specialization include audits of distribution companies, SEC registrants, not-for-profit organizations & charities, including organizations subject to Circular A-133.



Continued from page 1

because of a strong licensing system — not in spite of it. If COVID-19 taught us anything about licensing, it's that strong, consistent licensing standards are a critical foundation for professions entrusted to protect the public.

All of this only reinforces why a one-size-fits-all approach across hundreds, if not thousands, of occupations and professions doesn't work. Reform must be carefully considered, with the recognition and understanding that broad-brush legislation is not the answer. Consumers have been well served by rigorous licensing systems, allowing us to have confidence that the professionals who are entrusted to design and build our roads, airports, bridges, buildings and financial systems are qualified to do so.

Every consumer deserves the same protections and access to high-quality services and high-caliber, licensed professionals. That's why lawmakers must avoid these broad-brush measures and look to existing professional licensing models that have evolved and served the public well, in some cases for more than 100 years. These models allow for access to services without risking public safety, health and welfare.

Certainly, there are barriers to entry for some occupations that require the attention of lawmakers to attract new talent and expertise and spur economic recovery. But any licensing reform must be done thoughtfully and carefully, keeping in mind the public's health, safety and welfare and the licensed professionals who have dedicated years to their field. Licensing done right works.

*Marta Zaniewski is executive director of the Alliance for Responsible Professional Licensing and vice president for state regulatory and legislative affairs at the American Institute of CPAs.*



### CLASSIFIEDS

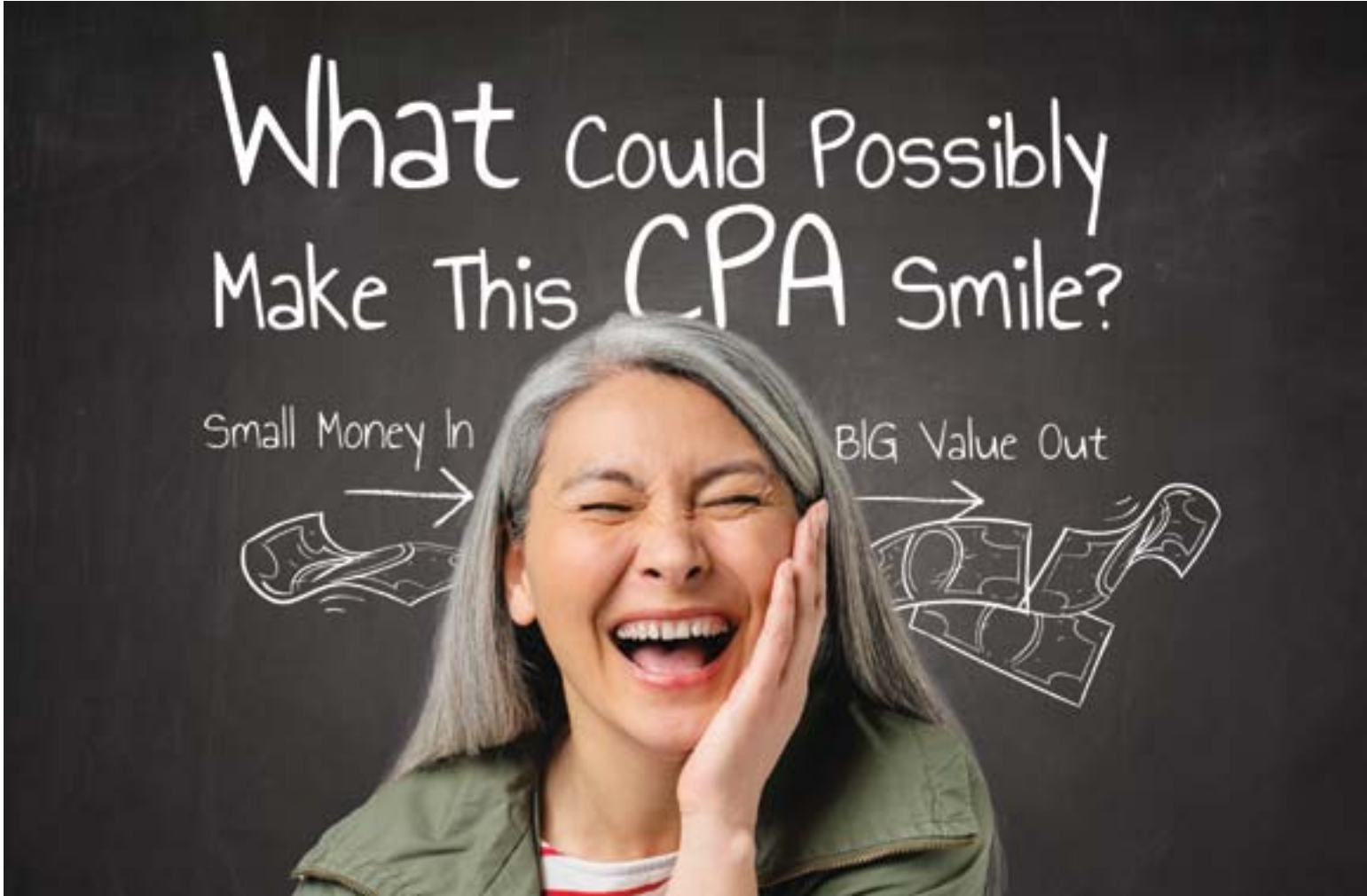
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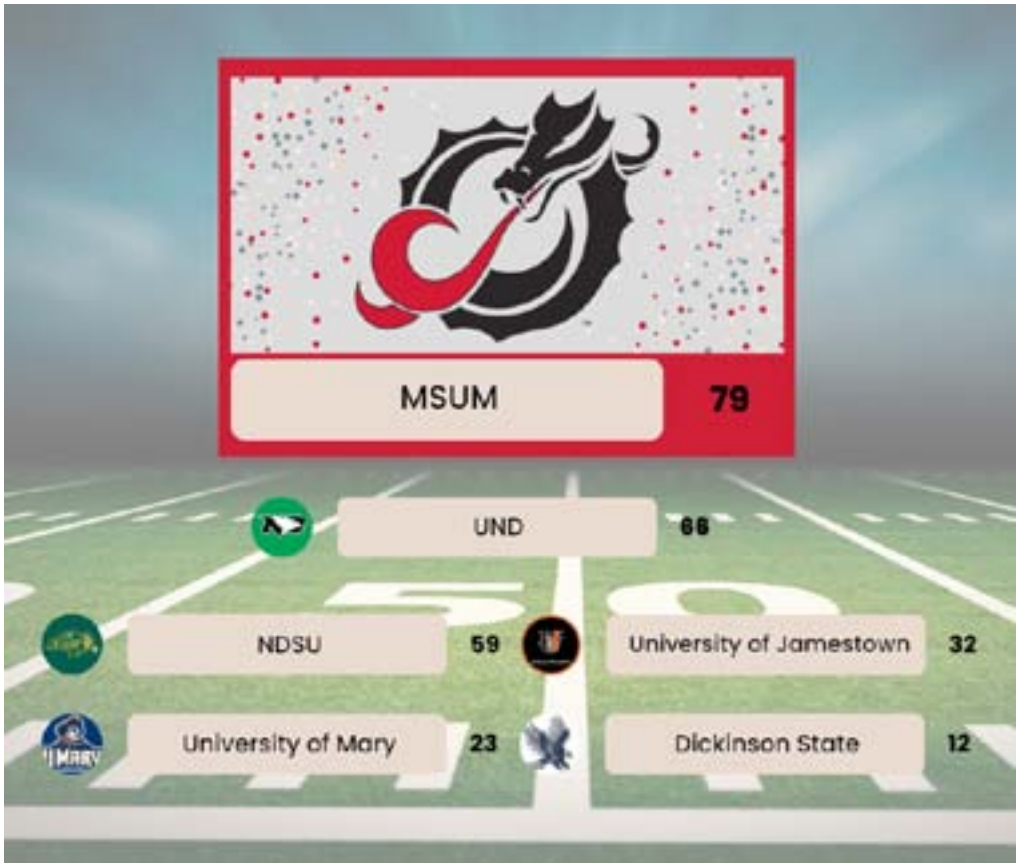
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### GRIDIRON CHALLENGE

This was a record setting year for the Gridiron Challenge with over \$3,000 in donations! Thank you to everyone who donated. The North Dakota CPA Society Foundation 2023 Gridiron Challenge went from December 16 to January 16. The Foundation awards scholarships for accounting students in area colleges. For each \$10 donated, the team that donors chose scored a touchdown. MSUM was the big winner this year with 79 touchdowns! The final scoreboard is pictured below. Be on the lookout for the next opportunity to support our local accounting students.



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