

T H E C O M M O N W E A L T H O F M A S S A C H U S E T T S

In the Year Two Thousand and Ten

AN ACT RELATIVE TO THE BOARD OF PUBLIC ACCOUNTANCY AND REGULATING THE REGISTRATION OF CERTIFIED PUBLIC ACCOUNTANTS.

Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:

SECTION 1. Subsection (a) of section 33 of chapter 13 of the General Laws, as appearing in the 2008 Official Edition, is hereby amended by striking out the third and fourth sentences and inserting in place thereof the following sentence:- Four of the members shall hold a certificate, as defined in section 87A of chapter 112, and shall have been actively engaged on his own account or with a firm as an owner, for a period of at least 7 years.

SECTION 2. Said section 33 of said chapter 13, as so appearing, is hereby further amended by striking out subsection (b).

SECTION 3. Section 34 of said chapter 13, as so appearing, is hereby amended by striking out, in lines 14 and 15, the words "or as public accountants".

SECTION 4. Said section 34 of said chapter 13, as so appearing, is hereby further amended by striking out subsection (b).

SECTION 5. The first paragraph of section 35 of said chapter 13, as so appearing, is hereby amended by striking out the third to fifth sentences, inclusive.

SECTION 6. Section 87A of chapter 112 of the General Laws, as so appearing, is hereby amended by striking out, in lines 7 and 8, the words "or a certificate issued to a public accountant issued under the provisions of section eight-seven C".

SECTION 7. Said section 87A of said chapter 112 of the General Laws, as so appearing, is hereby further amended by striking out the definition of "Committee".

SECTION 8. Said section 87A of said chapter 112 of the General Laws, as so appearing, is hereby further amended by inserting after the definition of "Licensee" the following definition:-

"Person", a natural person, corporation, association, partnership or other legal entity.

SECTION 9. Section 87A½ of said chapter 112, as so appearing, is hereby amended by inserting after the word "holders", in line 25, the following words:- and individuals qualifying to engage in the practice of certified

public accountancy, pursuant to paragraph (2) of subsection (h) of section 87B.

SECTION 10. Section 87B of said chapter 112, as so appearing, is hereby amended by adding the following subsection:-

(h)(1) Notwithstanding any general or special law to the contrary, a person shall not engage in the practice of certified public accountancy pursuant to paragraph (2) unless such person holds a valid license as a certified public accountant from a state that permits a certified public accountant licensed by the commonwealth to qualify for substantial equivalency and to engage in the practice of certified public accountancy in that state and have all the privileges of a certified public accountant in that state without the need to obtain a certificate or license from that state.

(2) A person whose principal place of business is outside the commonwealth shall be deemed to have qualifications substantially equivalent to the commonwealth's requirements for the practice of public accountancy and shall be authorized to engage in the practice of certified public accountancy in the commonwealth, including offering and rendering professional services, whether in person or by mail, telephone or electronic means, if such person holds: (i) a valid license as a certified public accountant issued by any state which the National Qualification Appraisal Service of the National Association of State Boards of Accountancy, hereinafter referred to as the NASBA, has verified to be in substantial equivalence with the certified public accountant licensure requirements of the Uniform Accountancy Act published jointly by the NASBA and the American Institute of Certified Public Accountants, hereinafter referred to as the AICPA, if such state has adopted and implemented a 150 hour educational requirement as a qualification for initial licensure as a certified public accountant; or (ii) a valid license as a certified public accountant issued by any state which the National Qualification Appraisal Service of the NASBA has not verified to be in substantial equivalence with the certified public accountant licensure requirements of the AICPA/NASBA Uniform Accountancy Act, if such person has obtained, from the National Qualification Appraisal Service of the NASBA, verification that such person's certified public accountant qualifications are substantially equivalent to the certified public accountant licensure requirements of the AICPA/NASBA Uniform Accountancy Act; provided, however, that any person who has passed the Uniform Certified Public Accountant Examination and holds a valid certified public accountant certificate issued by any other state prior to January 1, 2012 shall be deemed exempt from the education requirements in subsection (e) of section 87A½.

(3) Any person holding a certified public accountant certificate from another state and engaged in the practice of certified public accountancy pursuant to this subsection, and the firm, which employs such person is acting in the commonwealth as an agent of such firm, shall be deemed to have consented to (i) the disciplinary authority of the board, and to the personal and subject matter jurisdiction of any duly authorized court of the commonwealth; (ii) compliance with this chapter and any regulation adopted by the board pursuant hereto; (iii) agree to cease offering or rendering professional services in the commonwealth personally and as an agent of a firm, if the certificate from the state of the person's principal place of business is no longer valid, or if the certificate or license from the state of the firm's principal place of business is no longer valid; and (iv) the appointment of the state board that issued the person's or firm's certificate as the person's or firm's agent upon which process may be served in any action or proceeding by the board.

(4) A person and a firm issued a license to practice public accountancy by the board shall be subject to disciplinary action by the board for acts or omissions related to the practice of public accountancy committed in any other state. The board may investigate any complaint concerning a Massachusetts licensee filed with the board of accountancy of any other state and shall enforce any disciplinary action taken by the board of accountancy of any other state.

(5) An individual licensee or a person engaged in the practice of certified public accountancy pursuant to paragraph (2) who is responsible for supervising, attesting to or compiling services and who signs, or authorizes another to sign, an accountant's report on the financial statements on behalf of a firm shall meet the competency requirements set out in the professional standards for such services.

(6) A licensee or a person engaged in the practice of certified public accountancy pursuant to paragraph (2) who signs, or authorizes another to sign, an accountant's report on financial statements on behalf of a firm shall meet the competency requirements set out in the professional standards adopted by the board of professional licensure for such services.

SECTION 10A. Paragraph (2) of subsection (h) of section 87B of chapter 112 of the General Laws, as appearing in section 10, is hereby amended by adding the following sentence:- Any person who qualifies for the practice privilege pursuant to this subsection may exercise such privilege in the commonwealth, without limitation on the period of time within which such person may so practice in the commonwealth as long as such person remains qualified pursuant to this subsection, and shall not be required to obtain a

certificate or license pursuant to this section, except as provided in this subsection, submit any other notice to the board or obtain a temporary practice permit from, or pay any fee to the board.

SECTION 11. Section 87B½ of said chapter 112, as so appearing, is hereby amended by striking out, in lines 29 and 30, the words "perform professional services in the commonwealth hold valid licenses issued by the board or are public accountants licensed by the board" and inserting in place thereof the following words:- practice public accountancy in the commonwealth and hold valid licenses issued by the board.

SECTION 12. Said section 87B½ of said chapter 112, as so appearing, is hereby further amended by inserting after the word "statements", in line 47, the following words:- , unless such individuals qualify to engage in the practice of certified public accountancy pursuant to paragraph (2) of subsection (h) of section 87B.

SECTION 13. Subsection (b) of said section 87B½ of said chapter 112, as so appearing, is hereby amended by striking out paragraphs (6) to (8), inclusive.

SECTION 14. Said section 87B½ of said chapter 112, as so appearing, is hereby further amended by striking out subsection (c) and inserting in place thereof the following subsection:-

(c) Each office of a firm within the commonwealth shall be registered with the board and shall be under the supervision of a person holding a valid license to practice issued under section 87B. Proof thereof shall be provided by each applicant for initial issuance or renewal of a license to practice under this section.

SECTION 15. Section 87C of said chapter 112 is hereby repealed.

SECTION 16. Section 87C½ of said chapter 112 of the General Laws, as appearing in the 2008 Official Edition, is hereby amended by inserting after the word "licensee" in line 5 the following words:- or any individual qualifying for practice privileges pursuant to paragraph (1) of subsection (h) of section 87B.

SECTION 17. Said section 87C½ of said chapter 112 of the General Laws, as so appearing, is hereby further amended by inserting after subsection (b) the following subsection:-

(b½) The board may revoke or suspend a license granted pursuant to section 87B½ if at any time a licensee is no longer qualified under the law by which he qualified for registration, and the board may revoke or suspend any such license for any of the causes enumerated in this section and for the following additional causes: (i) upon the revocation or suspension of the certificate, registration or biennial license of any partner or any officer,

director, shareholder, member or employee of the firm for whom such licensee is employed; and (ii) upon the cancellation, revocation, suspension or refusal to renew the authority of the firm to practice public accountancy in any other state, for any cause other than failure to pay a registration fee in such another state.

SECTION 18. Said section 87C½ of said chapter 112, as so appearing, is hereby further amended by striking out, in lines 38 to 39, the words "or (b)" and inserting in place thereof the following words:- , (b) or (b½).

SECTION 18A. Said section 87C½ of said chapter 112, as so appearing, is hereby further amended by adding the following subsection:-

(d) A person engaged in the practice of certified public accountancy pursuant to paragraph (2) of subsection (h) of section 87B shall be included, for purposes of this section, within the definition of a licensee.

SECTION 19. Section 87D of said chapter 112, as so appearing, is hereby amended by striking out, in line 13, the word "thereon" and inserting in place thereof the following words:- thereon; nor shall it apply to an individual qualifying to engage in the practice of certified public accountancy pursuant to paragraph (2) of subsection (h) of section 87B.

SECTION 20. Said section 87D of said chapter 112, as so appearing, is hereby further amended by striking out subsections (d) to (g), inclusive, and inserting in place thereof the following subsections:-

(d) Any person who does not hold a valid certified public accountancy certificate and a valid certified public accountancy license shall not use or assume the title or designation "certified public accountant", "public accountant" or the abbreviations "CPA" or "PA" or any other title, designation, words, letters, abbreviation, sign, card or device tending to indicate that such person is a certified public accountant or public accountant.

(e) No firm shall assume or use the title or designation "certified public accountants", "public accountants" or the abbreviations "CPA" or "PA" or any other title, designation, words, letters, abbreviation, sign, card or device tending to indicate that such firm is composed of certified public accountants or public accountants, unless: (1) the firm holds a valid license issued under section 87B½; and (2) all partners, officers, members and shareholders of the firm hold valid certified public accountancy certificates and licenses.

SECTION 21. Said section 87D of said chapter 112 of the General Laws, as so appearing, is hereby further amended by adding the following subsection:-

(m) A person qualified to engage in the practice of certified public accountancy pursuant to paragraph (2) of subsection (h) of section 87B shall

be included, for purposes of this section, within the definition of a person holding a valid license or certificate.

SECTION 22. Whoever qualifies to engage in the practice of certified public accountancy pursuant to subsection (h) of section 87B of chapter 112 of the General Laws, may so practice for a period not to exceed 90 days in a calendar year. To practice beyond the 90 day period such person shall apply for a temporary practice permit. The application for the temporary practice permit shall be in a form to be prescribed by the board of public accountancy. Such form shall require the applicant's name, the applicant's address, the state of the applicant's principal place of business, and the applicant's license number in such state and any other contact information which the board deems necessary. A temporary practice permit shall be valid until June 30, 2011, unless revoked by the board for good cause shown, and shall authorize the holder thereof to practice on the same terms as during the initial 90 day period upon submission of the application therefor, unless and until such application is rejected by the board.

SECTION 22A. The board of public accountancy shall adopt rules and regulations for the implementation, administration and enforcement of subsection (h) of section 87B of chapter 112 of the General Laws, as appearing in section 10, not later than January 1, 2011.

SECTION 23. Section 22 is hereby repealed.

SECTION 24. Notwithstanding any general or special law to the contrary, the secretary of administration and finance, in consultation with the director of professional licensure, may adjust the fees established by said secretary pursuant to section 3B of chapter 7 of the General Laws for the issuance of a firm license under section 87B½ of chapter 112 of the General Laws to offset the loss, or any anticipated loss, of revenue incurred by the commonwealth and the division of professional licensure as a result of the enactment, administration and enforcement of this act.

SECTION 25. Sections 10A and 23 shall take effect on June 30, 2011. The remainder of this act, except section 22A, shall take effect on July 1, 2010.

House of Representatives, January 28, 2010.

Passed to be enacted,

Paul J. Donato, Speaker.

In Senate, January , 2010.

Passed to be enacted,

Steven Rosenberg, President.

4 February, 2010.
Approved,

[Signature]
Governor