

**HOUSE . . . . . No.**

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**The Commonwealth of Massachusetts**

PRESENTED BY:

**Michael J. Rodrigues**

*To the Honorable Senate and House of Representatives of the Commonwealth of Massachusetts in General Court assembled:*

The undersigned legislators and/or citizens respectfully petition for the passage of the accompanying bill:

An Act relative to substantial equivalency and oversight.

PETITION OF:

NAME:

DISTRICT/ADDRESS:

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# The Commonwealth of Massachusetts

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In the Year Two Thousand and Nine  
—————

## AN ACT RELATIVE TO SUBSTANTIAL EQUIVALENCY AND OVERSIGHT.

*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 2006 Official Edition, is hereby amended by striking out the 3rd and 4th sentences and inserting place thereof the following sentence:— Four of the members shall hold a certificate, as that term is 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. Section 35 of said Chapter 13, as so appearing, is hereby amended by striking out the 3rd, 4th and 5th sentences.

SECTION 5. 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 6. Said Section 87A of said Chapter 112, is hereby further amended by striking out the definition of “Committee”.

SECTION 7. Section 87A<sup>1</sup>/<sub>2</sub> of said Chapter 112, is hereby amended by inserting after the word “holders” in line 25 the following words:— and individuals qualifying for practice privileges under paragraph (1) of subsection (h) of Section 87B.

SECTION 8. Section 87B of said Chapter 112, is hereby amended by adding the following subsection:—

(h)(1) An individual 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 have all the privileges of a certified public accountant of the commonwealth without the need to obtain a certificate or license under this section or to notify or register with the board or pay any fee if the individual:—

(i) holds a valid license as a certified public accountant from any state in which the NASBA National Qualification Appraisal Service has verified to be in substantial equivalence with the CPA licensure requirements of the AICPA/NASBA Uniform Accountancy Act; or

(ii) holds a valid license as a certified public accountant from any state in which the NASBA National Qualification Appraisal Service has not verified to be in substantial equivalence with the CPA licensure requirements of the AICPA/NASBA Uniform Accountancy Act, if such individual has obtained from the NASBA National Qualification Appraisal Service verification that such individual's CPA qualifications are substantially equivalent to the CPA licensure requirements of the AICPA/NASBA Uniform Accountancy Act. Any individual who passed the Uniform CPA Examination and holds a valid 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 for purposes of this subsection. Notwithstanding any other provision of law, an individual who qualifies for the practice privilege under this Section may offer or render professional services, whether in person or by mail, telephone or electronic means, and no notice to the board or other submission to the board shall be required of any such individual. Such an individual shall be subject to the requirements in paragraph (2); and (iii) holds a valid license as a certified public accountant from any state that permits a certified public accountant licensed by the commonwealth to qualify for substantial equivalency and practice 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) An individual certificate holder of another state exercising the privilege afforded by this paragraph and the firm that employs such individual hereby simultaneously consent, as a condition of exercising this privilege:— (i) to the personal and subject matter jurisdiction and disciplinary authority of the board; (ii) to comply with this chapter and the board's regulations; (iii) that in the event the certificate from the state of the individual's principal place of business is no longer valid, the individual will cease offering or rendering professional services in the commonwealth individually and on behalf of a firm; and (iv) to the appointment of the state board that issued the individual's certificate as the individual's agent upon which process may be served in any action or proceeding by the board against the licensee. (3) A licensee offering or rendering services or using the licensee's CPA title in another state shall be subject to disciplinary action by the board for acts committed in another state. The board shall investigate any complaint concerning a Massachusetts licensee made by the board of accountancy of another state.

(i) An individual licensee and any individual who qualifies for practice privileges under paragraph (1) of subsection (h) of Section 87B who is responsible for supervising attest or compilation services and signs or authorizes someone 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.

(j) An individual licensee and any individual who qualifies for practice privileges under paragraph (1) of subsection (h) of Section 87B who signs or authorizes someone 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 for such services.

(k) The board shall adopt and promulgate rules and regulations for the purposes of interpretation of and enforcement of compliance with this paragraph.

SECTION 9. Section 87B½ of said Chapter 112 of the General Laws, as appearing in the 2006 Official Edition, 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:— practice public accountancy in the commonwealth and hold valid licenses issued by the board.

SECTION 10. Said Section 87B½ of said Chapter 112 is hereby further amended by inserting after the word “statements” in line 47 the following:— , unless such individuals qualify for practice privileges under paragraph (1) of subsection (h) of Section 87B;

SECTION 11. Said Section 87B½ of said Chapter 112 is hereby further amended by striking out paragraphs (6), (7) and (8) of subsection (b).

SECTION 12. Said Section 87B½ of said Chapter 112 is hereby further amended by striking out subsection (e) and inserting in place thereof the following:— (e) Applicants for initial issuance or renewal of licenses under this section shall in their application list all states in which they have applied for or hold licenses to practice public accountancy; and each holder of or applicant for a license under this section shall notify the board in writing, within 30 days after its occurrence, of any change in the identities of partners, members, officers, or shareholders who work within the commonwealth, any change in the number or location of offices within the commonwealth, any change in the identity of the persons in charge of such office, and any issuance, denial, revocation or suspension of a license by any other state.

SECTION 13. Said Chapter 112 of the General Laws is hereby further amended by striking out Section 87C.

SECTION 14. Section 87C½ of said Chapter 112 is hereby amended by inserting after the word “licensee” in line 5 the following words:—, or any individual who qualifies for practice privileges under paragraph (1) of subsection (h) of Section 87B,

SECTION 15. Said Section 87C½ of said Chapter 112 is hereby further amended by inserting after line 37 the following:— (b½ ) The board may revoke or suspend the license granted under Section 87B½ if at any time a firm does not have all the qualifications prescribed by the provisions of law under which it 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:— (1) the revocation or suspension of the certificate, registration or biennial license of any partner or any officer, director, share holder, member or employee thereof; (2) 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 16. Said Section 87C ½ of said Chapter 112 is hereby further amended by striking out the words “paragraph (a) or (b)” in lines 38 and 39 and inserting in place thereof the following words:— paragraph (a), (b) or (b½).

SECTION 17. Section 87D of said Chapter 112 is hereby amended by inserting after the word “thereon” in line 13, the following words:— ; nor does it apply to an individual qualifying for practice privileges under paragraph (1) of subsection(h) of Section 87B.

SECTION 18. Said Section 87D of said Chapter 112 is hereby further amended by striking out subsections

1 (d) and (e) and inserting in place thereof the following new subsections:— (d) No person not  
2 holding a valid certificate and a valid license shall use or assume the title or designation “certified  
3 public accountant”, “public accountant” or the abbreviations “CPA” or “PA” or any other title,  
4 designation, words, letters, abbreviation, sign, card or device tending to indicate that such person is  
5 a certified public accountant or public accountant. (e) No firm shall assume or use the title or  
6 designation “certified public accountants”, “public accountants” or the abbreviations “CPA” or  
7 “PA” or any other title, designation, words, letters, abbreviation, sign, card or device tending to  
8 indicate that such firm is composed of certified public accountants, public accountants, unless (1)  
9 the firm holds a valid license issued under Section 87B½ and (2) all partners, officers, members and  
10 shareholders of the firm hold certificates and valid licenses.

11 SECTION 19. Said Section 87D of said Chapter 112 is hereby further amended by striking out  
12 subsections (f) and (g).

13 SECTION 20. Said Section 87D of said Chapter 112 is hereby further amended by adding the following  
14 subsection:— (m) An individual possessing practice privileges under paragraph (1) of subsection (h) of  
15 Section 87B is deemed to be included, for purposes of this section, within the definition of a person  
16 holding a valid license or certificate.