

HOUSE No. 3654

The Commonwealth of Massachusetts

In the Year Two Thousand 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:

1 SECTION 1. Subsection (a) of Section 33 of Chapter 13 of the General Laws, as
2 appearing in the 2006 Official Edition, is hereby amended by striking out the 3rd and 4th
3 sentences and inserting place thereof the following sentence:— Four of the members shall hold a
4 certificate, as that term is defined in Section 87A of Chapter 112 and shall have been actively
5 engaged on his own account or with a firm as an owner, for a period of at least 7 years.

6 SECTION 2. Said Section 33 of said Chapter 13, as so appearing, is hereby further
7 amended by striking out subsection (b).

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

10 SECTION 4. Section 35 of said Chapter 13, as so appearing, is hereby amended by
11 striking out the 3rd, 4th and 5th sentences.

12 SECTION 5. Section 87A of Chapter 112 of the General Laws, as so appearing, is hereby
13 amended by striking out, in lines 7 and 8, the words “or a certificate issued to a public accountant
14 issued under the provisions of section eight-seven C”.

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

17 SECTION 7. Section 87A½ of said Chapter 112, is hereby amended by inserting after the
18 word “holders” in line 25 the following words:— and individuals qualifying for practice
19 privileges under paragraph (1) of subsection (h) of Section 87B.

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

22 (h)(1) An individual whose principal place of business is outside the commonwealth shall
23 be deemed to have qualifications substantially equivalent to the commonwealth’s requirements
24 for the practice of public accountancy and shall have all the privileges of a certified public
25 accountant of the commonwealth without the need to obtain a certificate or license under this
26 section or to notify or register with the board or pay any fee if the individual:—

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

30 (ii) holds a valid license as a certified public accountant from any state in which the
31 NASBA National Qualification Appraisal Service has not verified to be in substantial
32 equivalence with the CPA licensure requirements of the AICPA/NASBA Uniform Accountancy

33 Act, if such individual has obtained from the NASBA National Qualification Appraisal Service
34 verification that such individual's CPA qualifications are substantially equivalent to the CPA
35 licensure requirements of the AICPA/NASBA Uniform Accountancy Act. Any individual who
36 passed the Uniform CPA Examination and holds a valid certificate issued by any other state prior
37 to January 1, 2012 shall be deemed exempt from the education requirements in subsection (e) of
38 Section 87A½ for purposes of this subsection Notwithstanding any other provision of law, an
39 individual who qualifies for the practice privilege under this Section may offer or render
40 professional services, whether in person or by mail, telephone or electronic means, and no notice
41 to the board or other submission to the board shall be required of any such individual. Such an
42 individual shall be subject to the requirements in paragraph (2); and (iii) holds a valid license as
43 a certified public accountant from any state that permits a certified public accountant licensed by
44 the commonwealth to qualify for substantial equivalency and practice public accountancy in that
45 state and have all the privileges of a certified public accountant in that state without the need to
46 obtain a certificate or license from that state. (2) An individual certificate holder of another state
47 exercising the privilege afforded by this paragraph and the firm that employs such individual
48 hereby simultaneously consent, as a condition of exercising this privilege:— (i) to the personal
49 and subject matter jurisdiction and disciplinary authority of the board; (ii) to comply with this
50 chapter and the board's regulations; (iii) that in the event the certificate from the state of the
51 individual's principal place of business is no longer valid, the individual will cease offering or
52 rendering professional services in the commonwealth individually and on behalf of a firm; and
53 (iv) to the appointment of the state board that issued the individual's certificate as the
54 individual's agent upon which process may be served in any action or proceeding by the board
55 against the licensee. (3) A licensee offering or rendering services or using the licensee's CPA

56 title in another state shall be subject to disciplinary action by the board for acts committed in
57 another state. The board shall investigate any complaint concerning a Massachusetts licensee
58 made by the board of accountancy of another state.

59 (i) An individual licensee and any individual who qualifies for practice privileges under
60 paragraph (1) of subsection (h) of Section 87B who is responsible for supervising attest or
61 compilation services and signs or authorizes someone to sign an accountant's report on the
62 financial statements on behalf of a firm shall meet the competency requirements set out in the
63 professional standards for such services.

64 (j) An individual licensee and any individual who qualifies for practice privileges under
65 paragraph (1) of subsection (h) of Section 87B who signs or authorizes someone to sign an
66 accountant's report on financial statements on behalf of a firm shall meet the competency
67 requirements set out in the professional standards for such services.

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

70 SECTION 9. Section 87B½ of said Chapter 112 of the General Laws, as appearing in the
71 2006 Official Edition, is hereby amended by striking out, in lines 29 and 30, the words "perform
72 professional services in the commonwealth hold valid licenses issued by the board or are public
73 accountants licensed by the board" and inserting in place thereof the following:— practice public
74 accountancy in the commonwealth and hold valid licenses issued by the board.

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

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

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

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

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

94 SECTION 15. Said Section 87C½ of said Chapter 112 is hereby further amended by
95 inserting after line 37 the following:— (b½) The board may revoke or suspend the license
96 granted under Section 87B½ if at any time a firm does not have all the qualifications prescribed
97 by the provisions of law under which it qualified for registration, and the board may revoke or
98 suspend any such license for any of the causes enumerated in this section and for the following
99 additional causes:— (1) the revocation or suspension of the certificate, registration or biennial

100 license of any partner or any officer, director, share holder, member or employee thereof; (2) the
101 cancellation, revocation, suspension or refusal to renew the authority of the firm to practice
102 public accountancy in any other state, for any cause other than failure to pay a registration fee in
103 such another state.

104 SECTION 16. Said Section 87C ½ of said Chapter 112 is hereby further amended by
105 striking out the words “paragraph (a) or (b)” in lines 38 and 39 and inserting in place thereof the
106 following words:— paragraph (a), (b) or (b½).

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

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

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

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

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