

# HOUSE . . . . . No. 4159

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## The Commonwealth of Massachusetts

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In the Year Two Thousand Nine  
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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. Section 33 of chapter 13 of the General Laws, as appearing in the 2006  
2   Official Edition, is hereby amended by striking out the third and fourth sentences and inserting  
3   place thereof the following sentence:- Four of the members shall hold a certificate, as that term is  
4   defined in section 87A of chapter 112, and shall have been actively engaged on his own account  
5   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. Said section 34 of said chapter 13, as so appearing, is hereby further  
11   amended by striking out subsection (b).

12          SECTION 5. Section 35 of said chapter 13, as so appearing, is hereby amended by  
13   striking out, in the first paragraph, the last 3 sentences.

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 of the General Laws, as so appearing, is hereby amended by inserting after the word “holders”, in line 25, the following words:- and individuals qualifying for practice privileges pursuant to paragraph (1) of subsection (h) of section 87B.

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

(h)(1) 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 have all the privileges of a certified public accountant of the commonwealth without the need to obtain a certificate or license pursuant to this section if the person: (i) holds a valid license as a certified public accountant from any state in which the National Association of State Boards of Accountancy, hereinafter referred to as the

NASBA, National Qualification Appraisal Service has verified to be in substantial equivalence with the CPA 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; (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 person has obtained from the NASBA National Qualification Appraisal Service verification that such person's CPA qualifications are substantially equivalent to the CPA licensure requirements of the AICPA/NASBA Uniform Accountancy Act; provided further, that a person 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; and provided further, that a person who qualifies for the practice privilege pursuant to this section may offer or render professional services, whether in person or by mail, telephone or electronic means; provided, however, that said person shall be subject to paragraph (2); or (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) A person holding a certificate from another seeking equivalency rights pursuant to this subsection and the firm that employs such person shall consent, as a condition of exercising this privilege: (i) to the personal and subject matter jurisdiction and disciplinary authority of the board and any duly authorized court of the commonwealth; (ii) to comply with this chapter and

any regulation promulgated by the board pursuant hereto; (iii) that in the event the certificate from the state of the person's principal place of business is no longer valid, the person will cease offering or rendering professional services in the commonwealth personally and on behalf of a firm; and (iv) to the appointment of the state board that issued the person's certificate as the person's agent upon which process may be served in any action or proceeding by the board.

(3) A Massachusetts licensee offering or rendering services or using the licensee's CPA title in any other state shall be subject to disciplinary action by the board for acts 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.

(4) An individual licensee or a person who qualifies for practice privileges pursuant to paragraph (1) responsible for supervising, attesting or compiling 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.

(5) An individual licensee or a person who qualifies for practice privileges pursuant to paragraph (1) 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.

(6) The board shall promulgate rules and regulations for implementation, administration and enforcement of this subsection.

SECTION 11. Section 87B½ of said chapter 112 of the General Laws, 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:- practice public accountancy in the commonwealth and hold valid licenses issued by the board.

SECTION 12. Said section 87B½ of said chapter 112 of the General Laws, as so appearing, 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 13. Subsection (b) of said section 87B½ of said chapter 112 of the General Laws, as so appearing, is hereby further amended by striking clauses (6) through (8), inclusive.

SECTION 14. Said section 87B½ of said chapter 112 of the General Laws, 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 charge 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 2006 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,

101           SECTION 17. Said section 87C½ of said chapter 112 of the General Laws, as so  
102 appearing, is hereby further amended by inserting after line 37 the following:-

103           (b½ ) The board may revoke or suspend the license granted pursuant to section 87B½ if  
104 at any time a person does not have all the qualifications prescribed by the provisions of law  
105 under which it qualified for registration, and the board may revoke or suspend any such license  
106 for any of the causes enumerated in this section and for the following additional causes: (i) upon  
107 the revocation or suspension of the certificate, registration or biennial license of any partner or  
108 any officer, director, shareholder, member or employee thereof; and (ii) upon the cancellation,  
109 revocation, suspension or refusal to renew the authority of the firm to practice public  
110 accountancy in any other state, for any cause other than failure to pay a registration fee in such  
111 another state.

112           SECTION 18. Said section 87C½ of said chapter 112 of the General Laws, as so  
113 appearing, is hereby further amended by striking out, in line 39, the words “or (b)” and inserting  
114 in place thereof the following words:- , (b) or (b½).

115           SECTION 19. Section 87D of said chapter 112 of the General Laws, as so appearing, is  
116 hereby amended by striking out, in line 13, the word “thereon” and inserting in place thereof the  
117 following words:— thereon; nor does it apply to an individual qualifying for practice privileges  
118 under paragraph (1) of subsection (h) of section 87B.

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

(d) No person not holding a valid certificate and a valid license shall 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, 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 certificates and valid 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 possessing practice privileges under paragraph (1) 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. Notwithstanding any general or special law to the contrary, the commissioner of administration in consultation with the director of the division of professional licensure shall adjust the fees established by said commissioner pursuant to section 3B of chapter 7 of the General Laws for the issuance of a license pursuant to sections 87B and 87B½ of chapter 112 of the General Laws to offset the cost incurred pursuant to the administration and enforcement of this act; provided, however, that section 35V of chapter 10 of the General Laws shall not apply to the fee adjustment authorized herein.