

**HOUSE . . . . . No. 4159**

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**The Commonwealth of Massachusetts**

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By Mr. Murphy of Burlington, for the committee on Ways and Means, that the Bill relative to substantial equivalency and oversight (House, No. 3654, changed) ought to pass, with an amendment substituting therefore a bill with the same title (House, No. 4159). July 8, 2009.

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An Act relative to substantial equivalency and oversight.

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FOR THE COMMITTEE:

NAME:	DISTRICT/ADDRESS:
Charles Murphy	21st Middlesex

# The Commonwealth of Massachusetts

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:*

- 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 amended by  
7 striking out subsection (b).  
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- 9           SECTION 3. Section 34 of said chapter 13, as so appearing, is hereby amended by striking out,  
10 in lines 14 and 15, the words “or as public accountants”.
- 11          SECTION 4. Said section 34 of said chapter 13, as so appearing, is hereby further amended by  
12 striking out subsection (b).
- 13          SECTION 5. Section 35 of said chapter 13, as so appearing, is hereby amended by striking out,  
14 in the first paragraph, the last 3 sentences.
- 15          SECTION 6. Section 87A of chapter 112 of the General Laws, as so appearing, is hereby  
16 amended by striking out, in lines 7 and 8, the words “or a certificate issued to a public accountant  
17 issued under the provisions of section eight-seven C”.
- 18          SECTION 7. Said section 87A of said chapter 112 of the General Laws, as so appearing, is  
19 hereby further amended by striking out the definition of “Committee”.
- 20          SECTION 8. Said section 87A of said chapter 112 of the General Laws, as so appearing, is  
21 hereby further amended by inserting after the definition of “Licensee” the following definition:-  
22 “Person”, a natural person, corporation, association, partnership or other legal entity.

23 SECTION 9. Section 87A½ of said chapter 112 of the General Laws, as so appearing, is hereby  
24 amended by inserting after the word “holders”, in line 25, the following words:- and individuals  
25 qualifying for practice privileges pursuant to paragraph (1) of subsection (h) of section 87B.

26 SECTION 10. Section 87B of said chapter 112 of the General Laws, as so appearing, is hereby  
27 amended by adding the following subsection:-  
28

29 (h)(1) A person whose principal place of business is outside the commonwealth shall be deemed  
30 to have qualifications substantially equivalent to the commonwealth’s requirements for the  
31 practice of public accountancy and shall have all the privileges of a certified public accountant of  
32 the commonwealth without the need to obtain a certificate or license pursuant to this section if  
33 the person: (i) holds a valid license as a certified public accountant from any state in which the  
34 National Association of State Boards of Accountancy, hereinafter referred to as the NASBA,  
35 National Qualification Appraisal Service has verified to be in substantial equivalence with the  
36 CPA licensure requirements of the Uniform Accountancy Act published jointly by the NASBA  
37 and the American Institute of Certified Public Accountants, hereinafter referred to as the AICPA;  
38 (ii) holds a valid license as a certified public accountant from any state in which the NASBA  
39 National Qualification Appraisal Service has not verified to be in substantial equivalence with  
40 the CPA licensure requirements of the AICPA/NASBA Uniform Accountancy Act, if such  
41 person has obtained from the NASBA National Qualification Appraisal Service verification that  
42 such person’s CPA qualifications are substantially equivalent to the CPA licensure requirements  
43 of the AICPA/NASBA Uniform Accountancy Act; provided further, that a person who passed  
44 the Uniform CPA Examination and holds a valid certificate issued by any other state prior to  
45 January 1, 2012 shall be deemed exempt from the education requirements in subsection (e) of  
46 section 87A½ for purposes of this subsection; and provided further, that a person who qualifies  
47 for the practice privilege pursuant to this section may offer or render professional services,  
48 whether in person or by mail, telephone or electronic means; provided, however, that said person  
49 shall be subject to paragraph (2); or (iii) holds a valid license as a certified public accountant  
50 from any state that permits a certified public accountant licensed by the commonwealth to  
51 qualify for substantial equivalency and practice public accountancy in that state and have all the  
52 privileges of a certified public accountant in that state without the need to obtain a certificate or  
53 license from that state.

54  
55 (2) A person holding a certificate from another seeking equivalency rights pursuant to this  
56 subsection and the firm that employs such person shall consent, as a condition of exercising this  
57 privilege: (i) to the personal and subject matter jurisdiction and disciplinary authority of the  
58 board and any duly authorized court of the commonwealth; (ii) to comply with this chapter and  
59 any regulation promulgated by the board pursuant hereto; (iii) that in the event the certificate  
60 from the state of the person’s principal place of business is no longer valid, the person will cease  
61 offering or rendering professional services in the commonwealth personally and on behalf of a  
62 firm; and (iv) to the appointment of the state board that issued the person’s certificate as the  
63 person’s agent upon which process may be served in any action or proceeding by the board.  
64

65 (3) A Massachusetts licensee offering or rendering services or using the licensee’s CPA title in  
66 any other state shall be subject to disciplinary action by the board for acts committed in any other  
67 state. The board may investigate any complaint concerning a Massachusetts licensee filed with

68 the board of accountancy of any other state and shall enforce any disciplinary action taken by the  
69 board of accountancy of any other state.

70

71 (4) An individual licensee or a person who qualifies for practice privileges pursuant to paragraph  
72 (1) responsible for supervising, attesting or compiling services and signs or authorizes someone  
73 to sign an accountant's report on the financial statements on behalf of a firm shall meet the  
74 competency requirements set out in the professional standards for such services.

75

76 (5) An individual licensee or a person who qualifies for practice privileges pursuant to paragraph  
77 (1) who signs or authorizes someone to sign an accountant's report on financial statements on  
78 behalf of a firm shall meet the competency requirements set out in the professional standards for  
79 such services.

80

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

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

88 SECTION 12. Said section 87B½ of said chapter 112 of the General Laws, as so appearing, is  
89 hereby further amended by inserting after the word "statements", in line 47, the following:- ,  
90 unless such individuals qualify for practice privileges under paragraph (1) of subsection (h) of  
91 section 87B.

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

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

97

98 (c) Each office of a firm within the commonwealth shall be registered with the board, and shall  
99 be under the charge of a person holding a valid license to practice issued under section 87B.

100 Proof thereof shall be provided by each applicant for initial issuance or renewal of a license to  
101 practice under this section.

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

103 SECTION 16. Section 87C½ of said chapter 112 of the General Laws, as appearing in the 2006  
104 Official Edition, is hereby amended by inserting after the word "licensee" in line 5 the following  
105 words:- or any individual qualifying for practice privileges pursuant to paragraph (1) of  
106 subsection (h) of section 87B,

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

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

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

121 SECTION 19. Section 87D of said chapter 112 of the General Laws, as so appearing, is hereby  
122 amended by striking out, in line 13, the word “thereon” and inserting in place thereof the  
123 following words:— thereon; nor does it apply to an individual qualifying for practice privileges  
124 under paragraph (1) of subsection (h) of section 87B.  
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126 SECTION 20. Said section 87D of said chapter 112 of the General Laws, as so appearing, is  
127 hereby further amended by striking out subsections (d) through (g), inclusive, and inserting in  
128 place thereof the following subsections:-  
129

130 (d) No person not holding a valid certificate and a valid license shall use or assume the title  
131 or designation “certified public accountant”, “public accountant” or the abbreviations  
132 “CPA” or “PA” or any other title, designation, words, letters, abbreviation, sign, card or  
133 device tending to indicate that such person is a certified public accountant or public  
134 accountant.

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

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

143 (m) A person possessing practice privileges under paragraph (1) of subsection (h) of section 87B  
144 shall be included, for purposes of this section, within the definition of a person holding a valid  
145 license or certificate.

146 SECTION 22. Notwithstanding any general or special law to the contrary, the commissioner of  
147 administration in consultation with the director of the division of professional licensure shall  
148 adjust the fees established by said commissioner pursuant to section 3B of chapter 7 of the  
149 General Laws for the issuance of a license pursuant to sections 87B and 87B<sup>1</sup>/<sub>2</sub> of chapter 112 of  
150 the General Laws to offset the cost incurred pursuant to the administration and enforcement of  
151 this act; provided, however, that section 35V of chapter 10 of the General Laws shall not apply  
152 to the fee adjustment authorized herein.