

# MAINE STATE LEGISLATURE

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# 124th MAINE LEGISLATURE

## FIRST REGULAR SESSION-2009

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Legislative Document

No. 1372

H.P. 962

House of Representatives, April 2, 2009

### An Act To Simplify Maine's Accountancy Laws

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Submitted by the Department of Professional and Financial Regulation pursuant to Joint Rule 204.

Reference to the Committee on Business, Research and Economic Development suggested and ordered printed.

*Millicent M. MacFarland*  
MILLICENT M. MacFARLAND  
Clerk

Presented by Representative SMITH of Monmouth.

1 **Be it enacted by the People of the State of Maine as follows:**

2 **Sec. 1. 32 MRSA §12201, sub-§2**, as enacted by PL 1987, c. 489, §2, is amended  
3 to read:

4 **2. Certificate.** "Certificate" means a certificate as "certified public accountant"  
5 issued under ~~section 12227 or corresponding provisions of prior law~~, and a certificate as  
6 "public accountant" issued under ~~section 12239 or corresponding provisions of prior law~~,  
7 or a corresponding certificate as a certified public accountant issued after examination  
8 under the law of any other state.

9 **Sec. 2. 32 MRSA §12201, sub-§6**, as amended by PL 2007, c. 402, Pt. Z, §1, is  
10 further amended to read:

11 **6. Licensee.** "Licensee" means a person who holds a license issued by the board  
12 under ~~section 12251~~ 12230 or 12231 or a corresponding provision of prior law, or a firm  
13 that holds a license issued by the board under section 12252.

14 **Sec. 3. 32 MRSA §12213**, as amended by PL 2007, c. 402, Pt. Z, §5 and c. 621,  
15 §11, is further amended to read:

16 **§12213. Appointment**

17 The Board of Accountancy, as established by Title 5, section 12004-A, subsection 1,  
18 within the department consists of 5 members appointed by the Governor. Each member of  
19 the board must be a resident of this State. Four members must be holders of ~~certificates~~  
20 ~~issued under section 12227 and licenses issued under section 12251~~ 12230 or 12231 or a  
21 corresponding provision of prior law and must have had, as their principal occupation,  
22 active practice as certified public accountants for at least the 5 preceding years. One  
23 member of the board must be a public member as defined in Title 5, section 12004-A.  
24 Appointments are for 3-year terms. Appointments of members must comply with Title  
25 10, section 8009. The Governor may remove a member of the board for cause.

26 **Sec. 4. 32 MRSA §12227**, as enacted by PL 1987, c. 489, §2, is amended to read:

27 **§12227. Licenses; certified public accountants**

28 Any person who ~~shall have received~~ receives from the board a ~~certificate of his~~  
29 ~~qualifications~~ license to practice as a certified public accountant, prior to the effective  
30 date of this chapter or as provided in ~~section 12228~~, shall this subchapter may be styled  
31 and known as a certified public accountant, and no other persons may assume that title or  
32 use the abbreviation "CPA" or any other words, letters or figures to indicate that the  
33 person using the title is a certified public accountant.

34 **Sec. 5. 32 MRSA §12228, sub-§1**, as repealed and replaced by PL 2007, c. 695,  
35 Pt. A, §37, is repealed.

36 **Sec. 6. 32 MRSA §12228, sub-§1-A** is enacted to read:

1        **1-A. Qualifications for licensure.** A person who meets the good character,  
2        education, examination and experience requirements of this section is eligible to apply for  
3        licensure as a certified public accountant pursuant to section 12230.

4        **Sec. 7. 32 MRSA §12228, sub-§3,** as repealed and replaced by PL 2007, c. 695,  
5        Pt. A, §37, is amended to read:

6        **3. Education requirement.** The education requirement for a certificate license is as  
7        follows:

8            B. At least 150 semester hours of education, including a minimum 4-year  
9            baccalaureate or higher degree conferred by a college or university acceptable to the  
10            board, the total educational program to include basic courses in accounting and  
11            auditing determined to be appropriate under board rules. Rules adopted by the board  
12            pursuant to this paragraph are routine technical rules as defined in Title 5, chapter  
13            375, subchapter 2-A; and

14            C. An examination applicant who expects to complete a minimum 4-year  
15            baccalaureate or higher degree required in paragraph B within 120 days following the  
16            examination is eligible to take the examination. Grades may not be released, nor may  
17            credit for the examination or any part of the examination be given to the applicant  
18            unless the degree required in paragraph B is completed within 120 days following the  
19            examination or within such time as the board in its sole discretion may determine.

20        **Sec. 8. 32 MRSA §12228, sub-§10,** as repealed and replaced by PL 2007, c. 695,  
21        Pt. A, §37, is amended to read:

22        **10. Experience.** For initial issuance of a certificate license under ~~this subsection~~  
23        section 12230, an applicant ~~shall~~ must demonstrate 2 years of experience under the  
24        direction of a certified public accountant licensed by any state or territory of the United  
25        States or equivalent direction, as determined by the board, by a licensed professional in  
26        another country and must meet the other requirements prescribed by the board by rule.  
27        The applicant's experience must include the use of accounting or auditing skills, including  
28        the issuance of reports on financial statements, and at least one of the following: the  
29        provision of management advisory, financial advisory or consulting services; the  
30        preparation of tax returns; the furnishing of advice on tax matters; or equivalent activities  
31        defined by the board by rule. Board rules adopted pursuant to this subsection are routine  
32        technical rules as defined in Title 5, chapter 375, subchapter 2-A. To the extent the  
33        applicant's experience is as a revenue agent or in a similar position engaged in the  
34        examination of personal and corporate income tax returns for the Bureau of Revenue  
35        Services, the applicant receives credit at the rate of 50% toward the experience required  
36        by this subsection. To the extent the applicant's experience is as an examiner engaged in  
37        financial examinations for the Bureau of Insurance, the applicant receives credit under  
38        this subsection if that experience meets the following standards:

39            A. Examinations are performed in conformity with the Examiners' Handbook  
40            published by the National Association of Insurance Commissioners or its successor or  
41            other organization approved by the board;

1 B. Working papers prepared by the examiners are in conformity with generally  
2 accepted auditing standards and are subject to a review by a supervisor who must be a  
3 certified public accountant;

4 C. Written reports of examination are prepared in conformity with the Examiners'  
5 Handbook published by the National Association of Insurance Commissioners or its  
6 successor or other organization approved by the board. All examiners working on the  
7 examinations must participate in the preparation of the report;

8 D. Reports of examination are prepared in accordance with statutory accounting  
9 principles. All examiners working on the examinations must participate in the  
10 preparation of the financial statements and corresponding note disclosures; and

11 E. All examiners assigned to an examination must participate in the planning of the  
12 examination and the planning phase conforms to the Examiners' Handbook published  
13 by the National Association of Insurance Commissioners or its successor or other  
14 organization approved by the board and generally accepted auditing standards.

15 **Sec. 9. 32 MRSA §12228, sub-§11**, as repealed and replaced by PL 2007, c. 695,  
16 Pt. A, §37, is amended to read:

17 **11. Board discretion.** The members of the board have the full and sole  
18 responsibility for the determination of the qualifications of applicants for the ~~certificate~~  
19 license of "certified public accountant." Only persons recommended by the board may be  
20 granted the ~~certificate~~ license of "certified public accountant."

21 **Sec. 10. 32 MRSA §12229**, as amended by PL 2007, c. 402, Pt. Z, §12, is  
22 repealed.

23 **Sec. 11. 32 MRSA §12230** is enacted to read:

24 **§12230. Application for licensure**

25 **1. Licensure.** The board shall issue a license as a certified public accountant to a  
26 person who submits the application required by the board, pays the fee as set under  
27 section 12203 and meets the qualifications set forth in section 12228.

28 **2. Timeliness of application.** A person who applies for an initial license more than 4  
29 years after the person met the qualifications for licensure set forth in section 12228 must  
30 demonstrate completion of 40 hours of continuing professional education that meets the  
31 requirements of section 12333 during the year preceding application.

32 **Sec. 12. 32 MRSA §12231** is enacted to read:

33 **§12231. Application for licensure on the basis of an out-of-state certificate**

34 The board shall issue a license to an applicant who holds a certificate or license as a  
35 certified public accountant issued by another state and who submits the application  
36 required by the board, pays the fee as set under section 12203 and meets the following  
37 requirements.

1 1. Meets current requirements. The applicant meets all current requirements in this  
2 State for issuance of a license at the time the application is made.

3 2. Meets past requirements. At the time of the issuance of the applicant's certificate  
4 in the other state, the applicant met all the requirements then applicable in this State.

5 3. Passing grades on examination. The applicant was eligible to take and passed  
6 the examination required for issuance of the certificate with grades that would have been  
7 passing grades at the time in this State.

8 4. Timeliness of application. If the applicant is applying for a first-time license  
9 more than 4 years after the person obtained a certificate in the other state, the applicant:

10 A. Completed 40 hours of continuing professional education that meets the  
11 requirements of section 12233 during the 12 months preceding application; or

12 B. Has 4 years of experience in the practice of public accountancy, or its equivalent,  
13 that meets requirements prescribed by the board by rule after passing the examination  
14 upon which the certificate is based and within the 10 years preceding the submission  
15 of the application.

16 **Sec. 13. 32 MRSA §12232** is enacted to read:

17 **§12232. Practice without license on the basis of substantial equivalency**

18 1. Substantial equivalency. An individual whose principal place of business is  
19 outside the State is presumed to have qualifications substantially equivalent to the State's  
20 requirements and has all the privileges of licensees of the State and may provide  
21 professional services in the State without the requirement to obtain a license under this  
22 section or to otherwise notify or register with the board or pay any fee if the individual:

23 A. Holds a valid license as a certified public accountant from a state that the board  
24 has verified to be in substantial equivalence with the certified public accountant  
25 licensure requirements of a national association of state boards of accountancy and  
26 standards promulgated by the American Institute of Certified Public Accountants; or

27 B. Holds a valid license as a certified public accountant from a state that is not in  
28 substantial equivalence with the certified public accountant licensure requirements  
29 under paragraph A, but the board determines that the individual's certified public  
30 accountant qualifications are substantially equivalent to the certified public  
31 accountant licensure requirements of a national association of state boards of  
32 accountancy and standards promulgated by the American Institute of Certified Public  
33 Accountants. For purposes of this subsection, the board may exempt an individual  
34 who passed the Uniform Certified Public Accountant Examination and holds a valid  
35 license issued by any other state prior to January 1, 2012 from the education  
36 requirement in section 12228, subsection 3, paragraph B.

37 In determining substantial equivalence, the board may consult determinations and  
38 verifications from a national qualification appraisal service of a national association of  
39 state boards of accountancy.

1           **2. No notice or other submission required.** Notwithstanding any other provision of  
2 law, an individual who qualifies for licensure under this section may offer or render  
3 professional services in this State, whether in person or by mail, telephone or electronic  
4 means, and no notice or other submission may be required of any such individual. Such  
5 an individual is subject to subsection 3.

6           **3. Conditions.** An individual licensee of another state exercising the practice  
7 privilege afforded under this section and the firm that employs that individual must  
8 consent, as a condition of the grant of the practice privilege:

9           A. To the personal and subject matter jurisdiction and disciplinary authority of the  
10 board;

11           B. To comply with the provisions of this chapter and the board's rules;

12           C. To the stipulation that, in the event the license from the state of the individual's  
13 principal place of business is no longer valid, the individual will cease offering or  
14 rendering professional services in the State individually and on behalf of a firm; and

15           D. To the appointment of the state board that issued the individual's license as the  
16 individual's agent upon whom process may be served in any action or proceeding by  
17 this State's board against the individual.

18           **4. Additional services.** An individual who qualifies for the practice privilege under  
19 this section may perform any of the services listed in this subsection for any entity with  
20 its home office in the State as long as the individual does so through a firm that has  
21 obtained a license issued under section 12252:

22           A. A financial statement audit or other engagement to be performed in accordance  
23 with the Statements on Auditing Standards;

24           B. An examination of prospective financial information to be performed in  
25 accordance with Statements on Standards for Attestation Engagements; or

26           C. An engagement to be performed in accordance with auditing standards of the  
27 Public Company Accounting Oversight Board, established in 15 United States Code,  
28 Section 7211 (2007).

29           **Sec. 14. 32 MRSA §12233** is enacted to read:

30           **§12233. Continuing education requirements for renewal**

31           An applicant for renewal of a public accountant or certified public accountant license  
32 must show that requirements of continuing professional education have been fulfilled.  
33 The board shall establish by rule the number of hours of continuing professional  
34 education required for renewal. That education must consist of the general kinds and in  
35 subjects that are specified by the board by rule. The board may provide by rule that  
36 fulfillment of continuing professional education requirements of other states is accepted  
37 in lieu of the requirements of this subsection. The board may also provide by rule for  
38 prorated continuing professional education requirements to be met by applicants whose  
39 initial licenses were issued less than one year prior to the renewal date. The board may  
40 prescribe by rule lesser continuing education requirements to be met by applicants for

1 license renewal whose licenses lapsed prior to their applications for renewal. Rules  
2 adopted pursuant to this section are routine technical rules as defined in Title 5, chapter  
3 375, subchapter 2-A.

4 The board, in its discretion, may renew a license despite failure to furnish evidence of  
5 satisfaction of requirements of continuing professional education only upon condition that  
6 the applicant follow a particular program or schedule of continuing professional  
7 education. In issuing rules and individual orders regarding the requirements of continuing  
8 professional education, the board in its discretion may use and rely upon guidelines and  
9 pronouncements of recognized educational and professional organizations; may prescribe  
10 the content, duration and organization of courses; may take into account any impediments  
11 to interstate practice of public accountancy that result from differences between the  
12 requirements and those of other states; and may provide for relaxation or suspension of  
13 the requirements for applicants who certify that they do not intend to engage in the  
14 practice of public accountancy.

15 **Sec. 15. 32 MRSA §12234** is enacted to read:

16 **§12234. Expiration; renewal**

17 **1. Licensing period.** A license expires on the date set by the Commissioner of  
18 Professional and Financial Regulation pursuant to Title 10, section 8003, subsection 4 for  
19 the licensing period for which the license was issued. A license may be renewed upon  
20 receipt of an application for renewal and payment of the renewal fee as set under section  
21 12203.

22 **2. Late renewals.** Licenses may be renewed up to 90 days after the date of  
23 expiration upon payment of a late fee in addition to the renewal fee as set under section  
24 12203. Any person who submits an application for renewal more than 90 days after the  
25 expiration date is subject to all requirements governing new applicants under this chapter,  
26 in addition to fulfilling any continuing education requirements the board considers  
27 necessary under section 12233. The board in its discretion, giving due consideration to  
28 the protection of the public, may waive any requirements if that renewal application is  
29 made within 2 years from the date of that expiration.

30 **3. Excused from license fee.** Any licensee whose employment by any government  
31 agency prohibits or precludes the practice of public accountancy in this State, by  
32 application to the board, may be excused from paying the annual license fee during the  
33 period of that employment.

34 **Sec. 16. 32 MRSA §12239**, as enacted by PL 1987, c. 489, §2, is amended to  
35 read:

36 **§12239. Licenses issued under prior law; public accountants**

37 Any person who receives received from the board a certificate of his qualifications  
38 license to practice as a public accountant, prior to the effective date of this chapter or as  
39 provided in section 12240, shall under prior law may be styled and known as a public  
40 accountant, and no other persons may assume to use the abbreviation "PA" or any other



1 words, letters or figures to indicate that the person using the abbreviation is the public  
2 accountant.

3 **Sec. 17. 32 MRSA §12240**, as amended by PL 2007, c. 402, Pt. Z, §§13 and 14, is  
4 repealed.

5 **Sec. 18. 32 MRSA §12241**, as amended by PL 2007, c. 402, Pt. Z, §15, is  
6 repealed.

7 **Sec. 19. 32 MRSA §12242** is enacted to read:

8 **§12242. Discontinuance of initial licensure as public accountant; renewal of existing**  
9 **licenses**

10 No new public accountant licenses may be issued by the board on or after the  
11 effective date of this section. Holders of existing public accountant licenses may renew  
12 their licenses in the same manner as set forth in section 12233 for certified public  
13 accountants. Public accountant licenses expire in the same manner as set forth in section  
14 12234 for certified public accountants.

15 **Sec. 20. 32 MRSA §12251**, as amended by PL 2007, c. 384, §§9 and 10 and c.  
16 402, Pt. Z, §16, is repealed.

17 **Sec. 21. 32 MRSA §12252**, as amended by PL 2007, c. 384, §§11 to 13 and c.  
18 402, Pt. Z, §17 and repealed and replaced by c. 695, Pt. A, §38, is further amended to  
19 read:

20 **§12252. Licenses; accounting firms**

21 **1. Licensure.** The board shall grant or renew a license to accounting firms that  
22 make submit the application required by the board, pay the fee as set under section 12203  
23 and demonstrate their qualifications in accordance with this section.

24 A. A firm must hold a license issued under this section if it:

25 (1) Has an office in this State performing any of the services described in section  
26 12201, subsection 3-A, paragraphs A to D;

27 (2) Has an office in this State that uses the title "CPA" or "CPA firm"; or

28 (3) Does not have an office in this State but performs any of the services  
29 described in section 12201, subsection 3-A, paragraphs A, C or D for a client  
30 having its home office in this State.

31 B. A firm that does not have an office in this State may perform services described in  
32 section 12201, subsection 3-A, paragraph B for a client having its home office in this  
33 State and may use the title "CPA" or "CPA firm" without a license issued under this  
34 section only if:

35 (1) It qualifies for a firm license pursuant to subsections 3 and 8; and

36 (2) It performs such services through an individual with practice privileges under  
37 section ~~12251, subsection 4-B~~ 12232.

1 C. A firm that is not subject to the requirements of paragraphs A and B may perform  
2 professional services other than those described in section 12201, subsection 3-A  
3 while using the title "CPA" or "CPA firm" in this State without a license issued under  
4 this section only if the firm:

5 (1) Performs such services through an individual with practice privileges under  
6 section ~~12251, subsection 4-B~~ 12232; and

7 (2) Has legal authority to perform such services in the state of that individual's  
8 principal place of business.

9 **2. Duration.** Licenses are initially issued and renewed for a period of one year, but  
10 in any event expire on June 30th following issuance or renewal or on such other date as  
11 the commissioner may designate. The board shall grant or deny a license application no  
12 later than 60 days after a complete application is filed. In any case when the applicant  
13 seeks the opportunity to show that issuance or renewal of a license was mistakenly denied  
14 or when the board is not able to determine whether it should be granted or denied, the  
15 board may issue to the applicant a provisional license, which expires 90 days after its  
16 issuance or when the board determines whether or not to issue or renew the license for  
17 which application was made, whichever first occurs. A license expires on the date set by  
18 the Commissioner of Professional and Financial Regulation pursuant to Title 10, section  
19 8003, subsection 4 for the licensing period for which the license was issued. A license  
20 may be renewed upon receipt of an application for renewal and payment of the renewal  
21 fee as set under section 12203.

22 Licenses may be renewed up to 90 days after the date of expiration upon payment of a  
23 late fee in addition to the renewal fee as set under section 12203. Any firm that submits  
24 an application for renewal more than 90 days after the expiration date is subject to all  
25 requirements governing new applicants under this chapter. The board in its discretion,  
26 giving due consideration to the protection of the public, may waive any requirements if  
27 that renewal application is made within 2 years from the date of that expiration.

28 **3. Firm licenses.** The following provisions apply to the issuance of firm licenses.

29 A. An applicant for initial issuance or renewal of a license under this section shall  
30 show that a simple majority of the ownership of the firm, in terms of financial  
31 interests and voting rights of all partners, officers, shareholders, members or  
32 managers, belongs to holders of certificates certified public accountants or public  
33 accountants who are licensed in a state and that all partners, officers, shareholders,  
34 members or managers whose principal place of business is in this State and who  
35 perform professional services in this State hold valid individual licenses issued by the  
36 board. Firms may include nonlicensee owners in accordance with paragraph B.

37 B. A certified public accountancy firm or public accountancy firm may include  
38 nonlicensee owners as long as:

39 (1) All nonlicensee owners are individuals who actively participate in the  
40 certified public accountancy firm or public accountancy firm;

41 (2) The firm complies with such other requirements as the board may impose by  
42 rule; and

1 (3) The firm designates an individual who is a licensee of this State or, in the  
2 case of a firm that must have a license pursuant to subsection 1, paragraph A,  
3 subparagraph (3), designates an individual who is a licensee of another state who  
4 meets the requirements set out in section ~~12251~~ 12232, subsection ~~4-B~~, paragraph  
5 A 1 who is responsible for the proper ~~registration~~ licensure of the firm and  
6 identifies that individual who is a licensee to the board.

7 **4. Office licensed.** An applicant for initial issuance or renewal of a license under  
8 this section shall ~~register~~ license each office of the firm within this State with the board,  
9 pay the fee as set under section 12203 and show that each such office is under the charge  
10 of a person holding a valid license issued under section ~~12251~~ 12230 or 12231 or the a  
11 corresponding provision of prior law or the laws of another state.

12 **6. Change in composition.** ~~Applicants for initial issuance or renewal of licenses~~  
13 ~~under this section~~ A licensed firm shall in their application list all states in which they  
14 have applied for, or hold licenses to, practice public accountancy and each holder of, or  
15 applicant for, a license under this section shall notify the board in writing, within 30 days  
16 after its occurrence, of any change in the identities of partners, officers or shareholders  
17 who work regularly within this State, any change in the number or location of offices  
18 within this State, or any change in the identity of the persons in charge of those offices  
19 and any issuance, denial, revocation or suspension of a license by any other state.

20 **8. Peer review for certified public accountancy firms.** As a condition to the  
21 granting or renewal of licenses to certified public accountancy firms, each applicant that  
22 provides a defined service other than compilations must successfully participate in an  
23 approved peer review program. Participation in such a program is governed by the  
24 following.

25 A. A peer review must be completed within 18 months after the initial granting of  
26 the license. The firm must undergo a peer review every 3 years for as long as it  
27 provides a defined service other than compilations.

28 B. A certified public accountancy firm that does not provide a defined service other  
29 than compilations is not required to undergo a peer review if the firm annually  
30 confirms in writing to the board that it does not provide a defined service other than  
31 compilations. A certified public accountancy firm that subsequently provides a  
32 defined service other than compilations must undergo a peer review within 18 months  
33 after the fiscal year end of the first defined services engagement other than  
34 compilations that it accepts.

35 The board is authorized to adopt rules to carry out the intent of this subsection. Rules  
36 adopted pursuant to this subsection are routine technical rules pursuant to Title 5, chapter  
37 375, subchapter 2-A.

38 **Sec. 22. 32 MRSA §12263**, as amended by PL 2007, c. 402, Pt. Z, §18, is further  
39 amended to read:

1       **§12263. Appointment of commissioner as agent**

2           Application by a person or a firm not a resident of this State for ~~a certificate~~ initial  
3 licensure or renewal of a license under ~~section 12228 or 12240~~ or a license under ~~section~~  
4 ~~12251 or 12252~~ this chapter constitutes appointment of the commissioner as the  
5 applicant's agent upon whom process may be served in any action or proceeding against  
6 the applicant arising out of any transaction or operation connected with or incident to the  
7 practice of public accountancy by the applicant within this State.

8           **Sec. 23. 32 MRSA §12273-A, sub-§2**, as enacted by PL 2007, c. 402, Pt. Z, §20,  
9 is amended to read:

10           **2. Failure to maintain compliance.** Failure, on the part of an applicant or a licensee  
11 ~~under section 12251 or 12252~~ to maintain compliance with the requirements for issuance  
12 or renewal of that license or to report the changes to the board ~~under section 12251,~~  
13 ~~subsection 6 or~~ required by section 12252, subsection 6;

14           **Sec. 24. 32 MRSA §12273-A, sub-§5**, as enacted by PL 2007, c. 402, Pt. Z, §20,  
15 is amended to read:

16           **5. Fraud.** Performance of any fraudulent act while holding a ~~certificate or~~ license  
17 issued under this chapter or a certificate or license issued under prior law; and

18           **Sec. 25. 32 MRSA §12274, sub-§2**, as amended by PL 2007, c. 695, Pt. C, §18,  
19 is further amended to read:

20           **2. Review.** The board may review the publicly available professional work of  
21 licensees on a general and random basis, without any requirement of a formal complaint  
22 or suspicion of impropriety on the part of any particular licensee. If, as a result of such  
23 review, the board discovers reasonable grounds for a more specific investigation, the  
24 board may proceed under section 12273-A or Title 10, section 8003-A, ~~subsection 2.~~

25           **Sec. 26. 32 MRSA §12274, sub-§3**, as amended by PL 2007, c. 695, Pt. B, §15,  
26 is further amended to read:

27           **3. Discipline.** In any case when the board renders a decision imposing discipline  
28 against a licensee ~~under this section and section 12273-A~~, the board shall examine its  
29 records to determine whether the licensee holds a certificate or a license in any other  
30 state; and, if so, the board shall notify the board of accountancy of that other state of its  
31 decision by mail within 45 days of rendering the decision. The board may also furnish  
32 information relating to proceedings resulting in disciplinary action to other public  
33 authorities and to private professional organizations having a disciplinary interest in the  
34 licensee.

35           **Sec. 27. 32 MRSA §12274, sub-§4, ¶A**, as amended by PL 2007, c. 402, Pt. Z,  
36 §23, is further amended to read:

37           A. In any case when the board has suspended or revoked ~~a certificate or~~ a license or  
38 refused to renew a license, ~~the board may modify the suspension or reissue the~~  
39 ~~certificate or license upon application in writing by the person or firm affected and~~

1 ~~for good cause shown may apply in writing to the board for relief. For good cause~~  
2 ~~shown, the board may modify the suspension or reissue the license.~~

3 **Sec. 28. 32 MRSA §12274, sub-§4, ¶C**, as amended by PL 2007, c. 402, Pt. Z,  
4 §23, is further amended to read:

5 C. Before reissuing or terminating the suspension of a ~~certificate~~ or license under this  
6 section, and as a condition for reissuance or termination of suspension, the board may  
7 require the applicant to show successful completion of specified continuing  
8 professional education. The board may make the reinstatement of a ~~certificate~~ or  
9 license conditional and subject to satisfactory completion of a quality review  
10 conducted in such fashion as the board may specify.

11 **Sec. 29. 32 MRSA §12275, sub-§1**, as amended by PL 2007, c. 402, Pt. Z, §24,  
12 is further amended to read:

13 **1. Issuance of reports.** No person or firm not holding a valid license issued under  
14 ~~section 12251 or 12252 this chapter~~ may issue a report, including reviews and  
15 compilations, on financial statements of any other person, firm, organization or  
16 governmental unit. This prohibition does not apply to the following:

17 A. An officer, partner or employee of any firm or organization affixing that person's  
18 signature to any statement or report in reference to the financial affairs of that firm or  
19 organization with any wording designating the position, title or office that that person  
20 holds in the organization;

21 B. Any act of a public official or employee in the performance of that person's duties  
22 as such; or

23 C. The performance by any person of other services involving the use of accounting  
24 skills, including management advisory or consulting services, the preparation of tax  
25 returns, the furnishing of advice on tax matters and the preparation of financial  
26 statements without the issuance of reports.

27 **Sec. 30. 32 MRSA §12275, sub-§2**, as enacted by PL 1987, c. 489, §2, is  
28 amended to read:

29 **2. Misuse of title; individual; certified public accountants.** No person not holding  
30 ~~a valid certificate issued under section 12227, shall~~ licensed as a certified public  
31 accountant under this chapter may use or assume the title of "certified public accountant,"  
32 the abbreviation "CPA" or any other title, designation, words, letters, abbreviation, sign,  
33 card or device indicating that the person is a certified public accountant.

34 **Sec. 31. 32 MRSA §12275, sub-§3, ¶B**, as amended by PL 1999, c. 619, §4, is  
35 further amended to read:

36 B. A simple majority of all partners, officers, shareholders, members or managers of  
37 the firm ~~hold certificates~~ are certified public accountants licensed in a state.

38 **Sec. 32. 32 MRSA §12275, sub-§4**, as amended by PL 2007, c. 402, Pt. Z, §24,  
39 is further amended to read:

1           **4. Misuse of title; public accountant.** No person may assume or use the title or  
2 designation "public accountant," the abbreviation "PA" or any other title, designation,  
3 words, letters, abbreviation, sign, card or device indicating that the person is a public  
4 accountant unless that person holds a valid public accountant license issued under former  
5 section 12251.

6           **Sec. 33. 32 MRSA §12275, sub-§6,** as amended by PL 2007, c. 402, Pt. Z, §24,  
7 is further amended to read:

8           **6. Similar titles prohibited.** No person or firm not holding a valid license issued  
9 under ~~section 12251 or 12252~~ this chapter may assume or use the title or designation  
10 "certified accountant," "chartered accountant," "enrolled accountant," "licensed  
11 accountant," "registered accountant," "accredited accountant" or any other title or  
12 designation likely to be confused with the titles "certified public accountant," "public  
13 accountant" or use any of the abbreviations "CA," "LA," "RA," "AA" or similar  
14 abbreviations likely to be confused with the abbreviations "CPA" or "PA," provided that  
15 a holder of a certificate who does not also hold a license may use the titles pertaining to  
16 that certificate in any manner not prohibited by rules adopted by the board under section  
17 12214, subsection 4.

18           **Sec. 34. 32 MRSA §12275, sub-§7,** as amended by PL 2007, c. 402, Pt. Z, §24,  
19 is further amended to read:

20           **7. Similar designation prohibited.** No person or firm not holding a valid license  
21 issued under ~~section 12251 or 12252~~ this chapter may assume or use any title or  
22 designation that includes the words "auditor" or "auditing" in connection with any other  
23 language, including the language of a report, that implies that the person or firm holds  
24 such a license or has special competence as an auditor, ~~provided~~ except that this  
25 subsection does not prohibit any officer, partner or employee of any firm or organization  
26 from affixing that person's signature to any statement in reference to the financial affairs  
27 of that firm or organization with any wording designating the position, title or office that  
28 that person holds in the firm or organization or prohibit any act of a public official or  
29 employee in the performance of that person's duties.

30           **Sec. 35. 32 MRSA §12275, sub-§8,** as amended by PL 2007, c. 402, Pt. Z, §24,  
31 is further amended to read:

32           **8. Unauthorized practice.** No person holding a certificate may engage in the  
33 practice of public accountancy, unless that person also holds a valid license issued under  
34 ~~section 12251~~ this chapter.

35           **Sec. 36. 32 MRSA §12275, sub-§11,** as amended by PL 2007, c. 402, Pt. Z, §24,  
36 is further amended to read:

37           **11. Employees.** Nothing in this chapter prohibits any person, not a certified public  
38 accountant or public accountant, from serving as an employee of, or an assistant to, a  
39 certified public accountant, public accountant, a firm of certified public accountants or of  
40 public accountants holding a license issued under ~~section 12251 or 12252~~ this chapter.

1 provided that the employee or assistant may not issue any accounting or financial  
2 statements over the employee's or assistant's name.

3 **Sec. 37. 32 MRSA §12275, sub-§14**, as enacted by PL 2007, c. 384, §14, is  
4 amended to read:

5 **14. Substantial equivalency.** For purposes of this section:

6 A. ~~As an An individual exercising permit privileges in the State practicing as a~~  
7 ~~certified public accountant without a license on the basis of substantial equivalency~~  
8 ~~pursuant to section 12251, subsection 4-B 12232 and complying with the restrictions~~  
9 ~~on the scope of such privileges under subsection 4-B a practice is equivalent to an~~  
10 ~~individual holding a certificate under section 12227 and to an individual holding a~~  
11 ~~permit to practice licensed as a certified public accountant under section 12251 12230~~  
12 ~~or 12231 or a corresponding provision of prior law, and each reference in this section~~  
13 ~~to certificate and permit holders a licensed certified public accountant is deemed to~~  
14 ~~include, on an equal basis, individuals exercising such privileges such an individual;~~

15 B. A firm in compliance with section 12252, subsection 1 must, for the purposes of  
16 this section, be deemed to hold a valid permit to practice license issued under section  
17 12252; and

18 C. Notwithstanding any other provision of this section, it is not a violation of this  
19 section if a firm that does not hold a valid permit license under section 12252 and that  
20 does not maintain an office in this State provides professional services in this State if  
21 the firm complies with the requirements of section 12252, subsection 1, paragraph B  
22 or C, whichever is applicable.

23 **Sec. 38. Maine Revised Statutes headnote amended; revision clause.** In  
24 the Maine Revised Statutes, Title 32, chapter 113, subchapter 3, in the subchapter  
25 headnote, the words "registration of certified public accountants" are amended to read  
26 "licensure of certified public accountants" and the Revisor of Statutes shall implement  
27 this revision when updating, publishing or republishing the statutes.

28 **Sec. 39. Maine Revised Statutes headnote amended; revision clause.** In  
29 the Maine Revised Statutes, Title 32, chapter 113, subchapter 4, in the subchapter  
30 headnote, the words "registration of public accountants" are amended to read "licensure  
31 of public accountants" and the Revisor of Statutes shall implement this revision when  
32 updating, publishing or republishing the statutes.

33 **Sec. 40. Maine Revised Statutes headnote amended; revision clause.** In  
34 the Maine Revised Statutes, Title 32, chapter 113, subchapter 5, in the subchapter  
35 headnote, the word "licenses" is amended to read "licensure of accounting firms" and the  
36 Revisor of Statutes shall implement this revision when updating, publishing or  
37 republishing the statutes.

38 **Sec. 41. Maine Revised Statutes headnote amended; revision clause.** In  
39 the Maine Revised Statutes, Title 32, chapter 113, subchapter 7, in the subchapter  
40 headnote, the words "enforcement against holders of certificates and licenses" are

1 amended to read "enforcement against licensees" and the Revisor of Statutes shall  
2 implement this revision when updating, publishing or republishing the statutes.

### 3 SUMMARY

4 Current law requires a 2-step process for the licensure of certified public accountants.  
5 An applicant who qualifies for licensure first applies for and is issued a certificate. The  
6 certificate does not authorize the holder to practice. The certificate holder then files a 2nd  
7 application for a permit to practice, which is the actual license. This bill streamlines the  
8 licensing process by compacting the certificate phase and permit phase into one  
9 application for licensure. Certificates will no longer be issued.

10 The Board of Accountancy licenses certified public accountants, public accountants  
11 and accounting firms. Applicants for the certified public accountant or public accountant  
12 credential must pass the same examination, but the education and experience  
13 requirements are more rigorous for certified public accountants. Currently, the board  
14 licenses 2,056 certified public accountants and 12 public accountants. New public  
15 accountants have not been licensed since 1992. This bill eliminates the public accountant  
16 license category prospectively. Current public accountants will be able to renew  
17 indefinitely.

18 This bill removes specific hour requirements of continuing professional education  
19 requirements for accountants and instead authorizes the board to establish by rule the  
20 number of hours required for renewal.