

MAINE STATE LEGISLATURE

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L.D. 171

Date: 4-22-21

(Filing No. H-85)

INNOVATION, DEVELOPMENT, ECONOMIC ADVANCEMENT AND
BUSINESS

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STATE OF MAINE
HOUSE OF REPRESENTATIVES
130TH LEGISLATURE
FIRST SPECIAL SESSION

COMMITTEE AMENDMENT "A" to H.P. 124, L.D. 171, "An Act To Enable Out-of-state Certified Public Accountancy Firms To Provide Services in Maine on the Basis of Substantial Equivalency"

Amend the bill by inserting before section 1 the following:

'Sec. 1. 32 MRSA §12232, sub-§4, as enacted by PL 2009, c. 242, §13, is amended to read:

4. **Additional services.** An individual who qualifies for the practice privilege under this section may perform any of the services listed in ~~this subsection~~ section 12201, subsection 3-A for any entity with its home office in the State as long as the individual does so through a firm that has obtained a license issued under section 12252; or is exempt from the licensure requirement pursuant to section 12252, subsection 1, paragraph A, subparagraph (3) or section 12252, subsection 1, paragraph B.

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

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

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

Amend the bill by striking out all of section 1 and inserting the following:

'Sec. 1. 32 MRSA §12252, sub-§1, as amended by PL 2015, c. 110, §8, is further amended to read:

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

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- A. A firm must hold a license issued under this section if it:
 - (1) Has an office in this State performing any of the services described in section 12201, subsection 3-A, paragraphs A to D;
 - (2) Has an office in this State that uses the title "CPA" or "CPA firm"; or
 - (3) Does not have an office in this State but performs any of the services described in section 12201, subsection 3-A, ~~paragraphs~~ paragraph A, C or D for a client having its home office in this State- unless:

- (a) It qualifies for a firm license pursuant to subsections 3 and 8 and it performs such services through an individual with practice privileges under section 12232; or

- (b) It meets the requirements of section 12253.

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

- (1) It qualifies for a firm license pursuant to subsections 3 and 8 and it performs such services through an individual with practice privileges under section 12232; and or

- (2) ~~It performs such services through an individual with practice privileges under section 12232.~~

- (3) It meets the requirements of section 12253.

- C. A firm that is not subject to the requirements of paragraphs A and B may perform professional services other than those described in section 12201, subsection 3-A while using the title "CPA" or "CPA firm" in this State without a license issued under this section only if the firm meets the requirements of section 12253 or:

- (1) Performs such services through an individual with practice privileges under section 12232; and

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

Amend the bill by inserting after section 2 the following:

'**Sec. 3. 32 MRSA §12275, sub-§14**, as amended by PL 2015, c. 110, §14, is further amended to read:

14. Substantial equivalency. For purposes of this section:

A. An individual practicing as a certified public accountant without a license on the basis of substantial equivalency pursuant to section 12232 and complying with the restrictions on the scope of such a practice is equivalent to an individual licensed as a certified public accountant under section 12230 or 12231 or a corresponding provision of prior law, and each reference in this section to a licensed certified public accountant is deemed to include, on an equal basis, such an individual;

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

COMMITTEE AMENDMENT

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C. Notwithstanding any other provision of this section, it is not a violation of this section for a firm that does not hold a valid license under section 12252 and that does not maintain an office in this State to use the title "CPA" or "Certified Public Accountants" as part of the firm's name and to provide professional services in this State, and licensees and individuals with practice privileges may provide services on behalf of such a firm if the firm complies with the requirements of section 12252, subsection 1, paragraph A, subparagraph (3) or section 12252, subsection 1, paragraph B or C, whichever is applicable. An individual or firm authorized under this paragraph to use practice privileges in this State shall comply with the requirements otherwise applicable to licensees under this section.'

Amend the bill by relettering or renumbering any nonconsecutive Part letter or section number to read consecutively.

SUMMARY

This amendment adds language to the bill that exempts a firm from being required to hold a license if the firm meets the firm ownership and peer review provisions outlined in the Maine Revised Statutes, Title 32, section 12252 and performs services through an individual with practice privileges under section 12232. It also adds a cross-reference to the newly added provisions in the section related to unlawful acts in the practice of public accountancy and the section related to substantial equivalency for individual certified public accountants, or CPAs. It also removes a list of services provided by individual CPAs under the substantial equivalency section and instead refers to the list of services under the definition of "attest service."

FISCAL NOTE REQUIRED
(See attached)



130th MAINE LEGISLATURE

LD 171

LR 636(02)

An Act To Enable Out-of-state Certified Public Accountancy Firms To Provide Services in Maine on the Basis of Substantial Equivalency

Fiscal Note for Bill as Amended by Committee Amendment (ACH-85)
Committee: Innovation, Development, Economic Advancement and Business
Fiscal Note Required: Yes

Fiscal Note

Minor revenue decrease - Other Special Revenue Funds

Fiscal Detail and Notes

This bill may result in a decrease in the amount of dedicated revenue from licensing fees received by the Board of Accountancy within the Office of Professional and Occupational Licensing, Department of Professional and Financial Regulation. The amount is expected to be minor.