

HOUSE BILL 86

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2001 Regular Session  
11r0043

(PRE-FILED)

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By: **Chairman, Economic Matters Committee (Departmental - Labor,  
Licensing and Regulation)**

Requested: October 26, 2000  
Introduced and read first time: January 10, 2001  
Assigned to: Economic Matters

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Committee Report: Favorable  
House action: Adopted  
Read second time: February 6, 2001

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CHAPTER 44

1 AN ACT concerning

2 **Certified Public Accountancy - Permits - Firm Ownership by Nonlicensees**

3 FOR the purpose of allowing certain individuals who are not licensed to practice  
4 certified public accountancy to have an ownership interest in a firm issued a  
5 permit to operate by the State Board of Public Accountancy under certain  
6 circumstances; and generally relating to the practice of certified public  
7 accountancy.

8 BY repealing and reenacting, with amendments,  
9 Article - Business Occupations and Professions  
10 Section 2-402, 2-402.1, and 2-403  
11 Annotated Code of Maryland  
12 (2000 Replacement Volume and 2000 Supplement)

13 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF  
14 MARYLAND, That the Laws of Maryland read as follows:

15 **Article - Business Occupations and Professions**

16 2-402.

17 (a) To qualify for a permit, a partnership shall meet the requirements of this  
18 section.

19 (b) The partnership shall:

1 (1) have a permanent office in the State from which an individual is to  
2 practice certified public accountancy; or

3 (2) submit proof, satisfactory to the Board, of the intent of the  
4 partnership to establish immediately a permanent office.

5 (c) Each permanent office required under subsection (b) of this section shall  
6 be managed by a partner of the partnership who resides in the State.

7 (d) (1) [Each partner shall be] AN INDIVIDUAL WHO IS NOT LICENSED TO  
8 PRACTICE CERTIFIED PUBLIC ACCOUNTANCY IN THIS STATE OR ANOTHER STATE  
9 MAY HAVE AN OWNERSHIP INTEREST IN THE PARTNERSHIP IF:

10 (I) A SIMPLE MAJORITY OF THE OWNERSHIP OF THE  
11 PARTNERSHIP, IN TERMS OF FINANCIAL INTERESTS AND VOTING RIGHTS, IS HELD  
12 BY INDIVIDUALS licensed to practice certified public accountancy in this or another  
13 state; AND

14 (II) THE INDIVIDUAL IS AN ACTIVE PARTICIPANT IN THE  
15 PARTNERSHIP.

16 (2) At least 1 general partner and any other partner who practices or  
17 intends to practice certified public accountancy in the State shall be licensed by the  
18 Board to practice certified public accountancy in the State.

19 2-402.1.

20 (a) To qualify for a permit, a limited liability company shall meet the  
21 requirements of this section.

22 (b) The limited liability company shall:

23 (1) have a permanent office in the State from which an individual is to  
24 practice certified public accountancy; or

25 (2) submit proof, satisfactory to the Board, of the intent of the limited  
26 liability company to establish immediately a permanent office.

27 (c) Each permanent office required under subsection (b) of this section shall  
28 be under the immediate direction of a member of the limited liability company who  
29 resides in the State.

30 (d) [Each member of a limited liability company shall be] AN INDIVIDUAL  
31 WHO IS NOT LICENSED TO PRACTICE CERTIFIED PUBLIC ACCOUNTANCY IN THIS  
32 STATE OR ANOTHER STATE MAY HAVE AN OWNERSHIP INTEREST IN THE LIMITED  
33 LIABILITY COMPANY IF:

34 (1) A SIMPLE MAJORITY OF THE OWNERSHIP OF THE LIMITED LIABILITY  
35 COMPANY, IN TERMS OF FINANCIAL INTERESTS AND VOTING RIGHTS, IS HELD BY

1 INDIVIDUALS licensed to practice certified public accountancy in this or another state;  
2 AND

3 (2) THE INDIVIDUAL IS AN ACTIVE PARTICIPANT IN THE LIMITED  
4 LIABILITY COMPANY.

5 2-403.

6 (a) To qualify for a permit, a corporation shall meet the requirements of this  
7 section.

8 (b) The corporation shall meet the applicable requirements of the Maryland  
9 Professional Service Corporation Act.

10 (c) The corporation shall:

11 (1) have a permanent office in the State from which an individual is to  
12 practice certified public accountancy; or

13 (2) submit proof, satisfactory to the Board, of the intent of the  
14 corporation to establish immediately a permanent office.

15 (d) Each permanent office required under subsection (c) of this section shall be  
16 managed by a stockholder of the corporation who resides in the State.

17 (E) AN INDIVIDUAL WHO IS NOT LICENSED TO PRACTICE CERTIFIED PUBLIC  
18 ACCOUNTANCY IN THIS STATE OR ANOTHER STATE MAY HAVE AN OWNERSHIP  
19 INTEREST IN THE CORPORATION IF:

20 (1) A SIMPLE MAJORITY OF THE OWNERSHIP OF THE CORPORATION, IN  
21 TERMS OF FINANCIAL INTERESTS AND VOTING RIGHTS, IS HELD BY INDIVIDUALS  
22 LICENSED TO PRACTICE CERTIFIED PUBLIC ACCOUNTANCY IN THIS OR ANOTHER  
23 STATE; AND

24 (2) THE INDIVIDUAL IS AN ACTIVE PARTICIPANT IN THE CORPORATION.

25 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
26 October 1, 2001.