

(PRE-FILED)

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

A BILL ENTITLED

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:

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

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

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

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

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

8 (II) THE INDIVIDUAL IS AN ACTIVE PARTICIPANT IN THE
9 PARTNERSHIP.

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

13 2-402.1.

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

16 (b) The limited liability company shall:

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

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

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

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

28 (1) A SIMPLE MAJORITY OF THE OWNERSHIP OF THE LIMITED LIABILITY
29 COMPANY, IN TERMS OF FINANCIAL INTERESTS AND VOTING RIGHTS, IS HELD BY
30 INDIVIDUALS licensed to practice certified public accountancy in this or another state;
31 AND

32 (2) THE INDIVIDUAL IS AN ACTIVE PARTICIPANT IN THE LIMITED
33 LIABILITY COMPANY.

34 2-403.

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

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

3 (c) The corporation shall:

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

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

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

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

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

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

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