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By: **Chairman, Education, Health, and Environmental Affairs (By Request -  
Departmental - Labor, Licensing and Regulation)**

Introduced and read first time: January 27, 2003

Rules suspended

Assigned to: Education, Health, and Environmental Affairs

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A BILL ENTITLED

1 AN ACT concerning

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

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

9 BY repealing and reenacting, with amendments,  
10 Article - Business Occupations and Professions  
11 Section 2-416  
12 Annotated Code of Maryland  
13 (2000 Replacement Volume and 2002 Supplement)

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

16 **Article - Business Occupations and Professions**

17 2-416.

18 (a) The Board may issue a limited permit for the practice of certified public  
19 accountancy on a specific job to a partnership if:

20 (1) [each partner is licensed to practice certified public accountancy in  
21 this or another state or in a foreign country] A SIMPLE MAJORITY OF THE  
22 OWNERSHIP OF THE PARTNERSHIP, IN TERMS OF FINANCIAL INTERESTS AND  
23 VOTING RIGHTS, IS HELD BY INDIVIDUALS LICENSED TO PRACTICE CERTIFIED  
24 PUBLIC ACCOUNTANCY IN THIS OR ANOTHER STATE;

25 (2) ANY INDIVIDUAL WHO HAS AN OWNERSHIP INTEREST IN THE  
26 PARTNERSHIP AND IS NOT LICENSED TO PRACTICE CERTIFIED PUBLIC

1 ACCOUNTANCY IN THIS OR ANOTHER STATE IS AN ACTIVE PARTICIPANT IN THE  
2 PARTNERSHIP;

3           [(2)]   (3)     at least 1 general partner and any other partner who practices  
4 or intends to practice accountancy in the State is licensed by the Board under § 2-309  
5 or § 2-320 of this title; and

6           [(3)]   (4)     the requirements of subsection (d) of this section are met.

7       (b)     The Board may issue a limited permit for the practice of certified public  
8 accountancy on a specific job to a limited liability company if:

9           (1)     [each member is licensed to practice certified public accountancy in  
10 this or another state or in a foreign country] A SIMPLE MAJORITY OF THE  
11 OWNERSHIP OF THE LIMITED LIABILITY COMPANY, IN TERMS OF FINANCIAL  
12 INTERESTS AND VOTING RIGHTS, IS HELD BY INDIVIDUALS LICENSED TO PRACTICE  
13 CERTIFIED PUBLIC ACCOUNTANCY IN THIS OR ANOTHER STATE;

14          (2)     ANY INDIVIDUAL WHO HAS AN OWNERSHIP INTEREST IN THE  
15 LIMITED LIABILITY COMPANY AND IS NOT LICENSED TO PRACTICE CERTIFIED  
16 PUBLIC ACCOUNTANCY IN THIS OR ANOTHER STATE IS AN ACTIVE PARTICIPANT IN  
17 THE LIMITED LIABILITY COMPANY;

18          (3)     EACH MEMBER WHO PRACTICES OR INTENDS TO PRACTICE  
19 ACCOUNTANCY IN THE STATE IS LICENSED BY THE BOARD UNDER § 2-309 OR § 2-320  
20 OF THIS TITLE; and

21          [(2)]   (4)     the requirements of subsection (d) of this section are met.

22       (c)     The Board may issue a limited permit for the practice of certified public  
23 accountancy on a specific job to a corporation if:

24          (1)     [each shareholder is licensed to practice certified public accountancy  
25 in this or another state or in a foreign country] A SIMPLE MAJORITY OF THE  
26 OWNERSHIP OF THE CORPORATION, IN TERMS OF FINANCIAL INTERESTS AND  
27 VOTING RIGHTS, IS HELD BY INDIVIDUALS LICENSED TO PRACTICE CERTIFIED  
28 PUBLIC ACCOUNTANCY IN THIS OR ANOTHER STATE;

29          (2)     ANY INDIVIDUAL WHO HAS AN OWNERSHIP INTEREST IN THE  
30 CORPORATION AND IS NOT LICENSED TO PRACTICE CERTIFIED PUBLIC  
31 ACCOUNTANCY IN THIS OR ANOTHER STATE IS AN ACTIVE PARTICIPANT IN THE  
32 CORPORATION;

33          [(2)]   (3)     each shareholder who practices or intends to practice  
34 accountancy in this State is licensed by the Board under § 2-309 or § 2-320 of this  
35 title; and

36          [(3)]   (4)     the requirements of subsection (d) of this section are met.

1 (d) In order to qualify for a limited permit under this section a corporation,  
2 limited liability company, or partnership shall:

3 (1) not have a place of business in this State;

4 (2) submit to the Board an application on the form that the Board  
5 provides; and

6 (3) pay to the Board an application fee of \$25.

7 (e) A limited permit authorizes the partnership, limited liability company, or  
8 corporation to conduct a business through which certified public accountancy is  
9 practiced only for the specific job for which it was issued, as set forth by the Board.

10 (f) (1) The Board shall set the term for each limited permit issued under  
11 this section.

12 (2) The term for a limited permit may not be set for more than 1 year and  
13 may not exceed the term of a limited license held by a partner, member, or  
14 shareholder for the job in question.

15 (3) A limited permit becomes effective and expires on the dates set by the  
16 Board.

17 (g) Subject to the hearing provisions of § 2-412 of this title, the Board may  
18 deny or revoke a limited permit for any ground as may be applicable under § 2-410 of  
19 this title.

20 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take  
21 effect October 1, 2003.