
By: ~~Delegates Krebs and Feldman, Feldman, Doory, Haddaway, Jameson,~~
Krysiak, McHale, Miller, Minnick, Moe, Parrott, Trueschler, Vaughn,
Walkup, and Wood

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Assigned to: Economic Matters

Committee Report: Favorable with amendments

House action: Adopted

Read second time: March 19, 2006

CHAPTER _____

1 AN ACT concerning

2 **State Board of Public Accountancy Fund**

3 FOR the purpose of establishing the State Board of Public Accountancy Fund as a
 4 special, nonlapsing fund in the Department of Labor, Licensing, and Regulation;
 5 requiring that the Fund be used for certain purposes; providing for an audit of
 6 the Fund; requiring the Secretary of Labor, Licensing, and Regulation, or a
 7 designee of the Secretary, to administer the Fund; requiring the Secretary, in
 8 consultation with the State Board of Public Accountancy, to annually calculate
 9 certain costs; authorizing the State Board of Public Accountancy to set certain
 10 fees, based on certain calculations, beginning on a certain date; requiring the
 11 Board to publish a certain fee schedule; repealing a provision of law requiring
 12 the Board to pay certain money into the General Fund of the State; requiring
 13 the Board to pay certain fees to the Comptroller beginning on a certain date;
 14 requiring the Comptroller to distribute certain fees to the Fund; requiring any
 15 unspent portion of the Fund in excess of a certain amount to revert to the
 16 General Fund of the State at the end of each fiscal year beginning on a certain
 17 date; prohibiting certain fees from increasing by more than a certain amount
 18 each year; altering, establishing, and specifying the use of certain fees; defining
 19 certain terms; requiring that certain fees in effect on a certain date shall remain
 20 in full force and effect until certain other fees are adopted and made effective;
 21 providing for the delayed effective date of this Act; and generally relating to the
 22 State Board of Public Accountancy Fund.

23 BY repealing and reenacting, with amendments,
 24 Article - Business Occupations and Professions
 25 Section 2-101, 2-206, 2-304, 2-308(b)(3), 2-309(a), 2-311(b)(2)(iii) and (c)(2),

1 2-312(e), 2-313(a), (c), and (d), 2-314, 2-319(b), 2-320(a)(5), 2-321(b)(1)
2 and (e), 2-404(a)(2), 2-405(a)(2), 2-407(b)(2) and (c)(2), 2-414(b), and
3 2-416(d)(3)
4 Annotated Code of Maryland
5 (2004 Replacement Volume and 2005 Supplement)

6 BY repealing
7 Article - Business Occupations and Professions
8 Section 2-209
9 Annotated Code of Maryland
10 (2004 Replacement Volume and 2005 Supplement)

11 BY adding to
12 Article - Business Occupations and Professions
13 Section 2-209
14 Annotated Code of Maryland
15 (2004 Replacement Volume and 2005 Supplement)

16 BY adding to
17 Article - Business Regulation
18 Section 2-106.5 and 2-106.6
19 Annotated Code of Maryland
20 (2004 Replacement Volume and 2005 Supplement)

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

23 **Article - Business Occupations and Professions**

24 2-101.

25 (a) In this title the following words have the meanings indicated.

26 (b) "Board" means the State Board of Public Accountancy.

27 (c) "License" means, unless the context requires otherwise, a license issued by
28 the Board to practice certified public accountancy.

29 (D) "LICENSE FEE" MEANS THE FEE PAID IN CONNECTION WITH THE
30 ISSUANCE OR RENEWAL OF A LICENSE.

31 [(d)] (E) "Licensed certified public accountant" means, unless the context
32 requires otherwise, an individual licensed by the Board to practice certified public
33 accountancy.

1 [(e)] (F) "Permit" means, unless the context requires otherwise, a permit
2 issued by the Board to allow a partnership or corporation to operate a business
3 through which an individual may practice certified public accountancy.

4 (G) "PERMIT FEE" MEANS THE FEE PAID IN CONNECTION WITH THE ISSUANCE
5 OR RENEWAL OF A PERMIT OR THE ISSUANCE OF A LIMITED PERMIT.

6 [(f)] (H) "Practice certified public accountancy" means to perform any of the
7 following accountancy services:

8 (1) conducting an audit of financial statements; or

9 (2) providing a written certificate or opinion on the correctness of the
10 information or on the fairness of the presentation of the information in:

11 (i) a financial statement;

12 (ii) a report;

13 (iii) a schedule; or

14 (iv) an exhibit.

15 2-206.

16 (a) On request of any person and payment of a VERIFICATION fee [of \$10] SET
17 BY THE BOARD, the Board shall certify the licensing or permit status and
18 qualifications of any person who is the subject of the request.

19 (b) Each certification under this section:

20 (1) shall include a statement of the licensing or permit status of the
21 person who is the subject of the request; and

22 (2) may include:

23 (i) information about the examination results and other
24 qualifications of that person;

25 (ii) information about the dates of issuance and renewal of the
26 license or permit of that person;

27 (iii) information about any disciplinary action taken against that
28 person; and

29 (iv) if authorized by that person, information about any complaint
30 against that person.

31 [(c)] The Board shall collect a fee of \$10 for each certification under this
32 section.]

1 [2-209.

2 The Board shall pay all money collected under this title into the General Fund of
3 the State.]

4 2-209.

5 (A) (1) BEGINNING ON JULY 1, 2008, THE BOARD MAY SET BY REGULATION
6 REASONABLE FEES FOR ITS SERVICES.

7 (2) THE FEES SHALL BE:

8 (I) SET SO AS TO PRODUCE FUNDS TO APPROXIMATE THE COST OF
9 MAINTAINING THE BOARD; AND

10 (II) BASED ON THE CALCULATIONS PERFORMED BY THE
11 SECRETARY OF LABOR, LICENSING, AND REGULATION UNDER § 2-106.6 OF THE
12 BUSINESS REGULATION ARTICLE.

13 (B) THE BOARD SHALL PUBLISH THE FEE SCHEDULE SET BY THE BOARD.

14 (C) (1) BEGINNING ON JULY 1, 2007, THE BOARD SHALL PAY ALL FEES
15 COLLECTED UNDER THIS TITLE TO THE COMPTROLLER.

16 (2) THE COMPTROLLER SHALL DISTRIBUTE THE FEES TO THE STATE
17 BOARD OF PUBLIC ACCOUNTANCY FUND ESTABLISHED IN § 2-106.5 OF THE BUSINESS
18 REGULATION ARTICLE.

19 (D) (1) AT THE END OF EACH FISCAL YEAR BEGINNING ON JUNE 30, 2008,
20 ANY UNSPENT PORTION OF THE FUND IN EXCESS OF 10% OF THAT YEAR'S
21 DOCUMENTED DIRECT AND INDIRECT COSTS ATTRIBUTABLE TO THE BOARD SHALL
22 REVERT TO THE GENERAL FUND OF THE STATE.

23 (2) THE REVERSION OF FUNDS PROVIDED FOR IN PARAGRAPH (1) OF
24 THIS SUBSECTION SHALL OCCUR ON OR BEFORE OCTOBER 1 OF THE FOLLOWING
25 FISCAL YEAR TO ALLOW THE DEPARTMENT TO FULLY ACCOUNT FOR THE BOARD'S
26 DIRECT AND INDIRECT COSTS.

27 2-304.

28 An applicant for a license shall:

29 (1) submit to the Board an application on the form that the Board
30 provides; and

31 (2) pay to the Board or the Board's designee:

32 (I) A NONREFUNDABLE APPLICATION FEE SET BY THE BOARD;
33 AND

1 (II) an examination fee set by the Board in an amount not to exceed
2 the cost of the required examination.

3 2-308.

4 (b) The Board may grant a waiver under this section only if the applicant:

5 (3) pays to the Board [an application fee of \$50]:

6 (I) A NONREFUNDABLE APPLICATION FEE SET BY THE BOARD;
7 AND

8 (II) A LICENSE FEE SET BY THE BOARD; and

9 2-309.

10 (a) If an applicant qualifies for a license under this subtitle, the Board shall
11 send the applicant a notice that states that:

12 (1) the applicant has qualified for a license; and

13 (2) on receipt of a [\$15] license fee SET BY THE BOARD, the Board will
14 issue a license to the applicant.

15 2-311.

16 (b) At least 1 month before a license expires, the Board shall mail to the
17 licensee, at the last known address of the licensee:

18 (2) a notice that states:

19 (iii) the amount of the [renewal] LICENSE fee.

20 (c) Before a license expires, the licensee periodically may renew it for an
21 additional 2-year term, if the licensee:

22 (2) pays to the Board a [renewal] LICENSE fee [not exceeding \$40, as]
23 set by the Board; and

24 2-312.

25 (e) (1) The Board may enter into written agreements with qualified persons
26 wishing to conduct approved programs.

27 (2) A person seeking approval by the Board for this purpose shall:

28 (i) submit to the Board an application on the form that the Board
29 provides; and

30 (ii) pay [an application fee , not exceeding \$200, as] A CONTINUING
31 EDUCATION PROVIDER FEE set by the Board.

1 (3) Agreements entered into under this section shall expire on April 30 of
2 each even-numbered year.

3 2-313.

4 (a) The Board shall place a licensee on inactive status and issue an inactive
5 status certificate to the licensee, if the licensee:

6 (1) submits to the Board an application for inactive status on the form
7 that the Board provides;

8 (2) pays to the Board an inactive status [application fee not exceeding
9 \$20, as] FEE set by the Board; and

10 (3) except for the continuing education requirements set under § 2-312
11 of this subtitle, qualifies for an active license.

12 (c) (1) Unless a licensee on inactive status renews it as provided in this
13 section, the licensee loses that status on the first December 31 that comes:

14 (i) after the inactive status certificate is issued to the licensee; and

15 (ii) in an even-numbered year.

16 (2) At least 1 month before the inactive status of a licensee expires, the
17 Board shall mail to the licensee, at the last known address of the licensee:

18 (i) a renewal application form; and

19 (ii) a notice that states:

20 1. the date on which the inactive status expires;

21 2. the date by which the Board must receive the renewal
22 application for the renewal to be mailed before the inactive status expires; and

23 3. the amount of the [renewal] INACTIVE STATUS fee.

24 (3) Before an inactive status expires, the licensee periodically may renew
25 it for an additional 2-year term, if the licensee:

26 (i) otherwise is entitled to be placed on inactive status;

27 (ii) pays to the Board [a renewal fee not exceeding \$20, as set by
28 the Board] AN INACTIVE STATUS FEE SET BY THE BOARD; and

29 (iii) submits to the Board a renewal application on the form that the
30 Board provides.

1 (4) After an inactive status expires, the former licensee may reapply for
2 inactive status without meeting the continuing education requirements to qualify for
3 an active license under § 2-312 of this subtitle, only if the former licensee:

4 (i) otherwise is entitled to be placed on inactive status;

5 (ii) pays to the Board [a reapplication fee not exceeding \$40, as] AN
6 INACTIVE STATUS FEE set by the Board; and

7 (iii) reapplies to the Board for inactive status within 2 years after
8 initial expiration of inactive status on a form that the Board provides.

9 (5) The Board shall renew the inactive status of each licensee or grant
10 the reapplication for inactive status of each former licensee who meets the
11 requirements of this subsection.

12 (d) The Board shall reactivate the license of a licensee who is on inactive
13 status, if the licensee:

14 (1) complies with each continuing education requirement that the Board
15 sets for this purpose;

16 (2) submits to the Board an application for reactivation; and

17 (3) pays to the Board a reactivation fee that is equal to the license
18 [renewal] fee set by the Board under § 2-311 of this subtitle.

19 2-314.

20 In accordance with its regulations, the Board may reinstate the license of an
21 individual who has failed to renew the license for any reason if the individual:

22 (1) otherwise is entitled to be licensed;

23 (2) complies with each continuing education requirement that the Board
24 sets for this purpose; and

25 (3) pays to the Board[:

26 (i) all past due renewal fees; and

27 (ii)] a reinstatement fee [not exceeding \$60, as] set by the Board.

28 2-319.

29 (b) A license may be reinstated under this section only if:

30 (1) the individual whose license has been revoked or suspended submits
31 a written request to the Board;

32 (2) the Board holds a hearing on the request; [and]

1 (3) the Board, by an affirmative vote of a majority of its members, votes
2 to reinstate the license; AND

3 (4) THE INDIVIDUAL PAYS TO THE BOARD A REINSTATEMENT FEE SET
4 BY THE BOARD.

5 2-320.

6 (a) The Board may issue a limited license for the practice of certified public
7 accountancy on a specific job to any applicant who:

8 (5) pays to the Board [an application fee of \$25] A LICENSE FEE SET BY
9 THE BOARD.

10 2-321.

11 (b) An individual actively licensed as a certified public accountant in another
12 state may practice certified public accountancy in the State upon notifying the Board
13 of the individual's intent to practice under this section, if:

14 (1) the individual:

15 (i) verifies that the individual's principal place of business is
16 located outside the State; and

17 (ii) pays to the Board a notification fee [of \$50] SET BY THE BOARD;
18 and

19 (e) An individual who meets the requirements of this section may renew the
20 right to practice under this section by notifying the Board and paying a [renewal fee
21 of \$50] LICENSE FEE SET BY THE BOARD.

22 2-404.

23 (a) An applicant for a permit shall:

24 (2) pay to the Board [an] A NONREFUNDABLE application fee [of \$25]
25 SET BY THE BOARD.

26 2-405.

27 (a) If an applicant qualifies for a permit under this subtitle, the Board shall
28 send the applicant a notice that states that:

29 (2) on receipt of a [\$25] permit fee SET BY THE BOARD, the Board will
30 issue a permit to the applicant.

31 2-407.

32 (b) At least 1 month before a permit expires, the Board shall mail to the
33 permit holder, at the last known address of the holder:

1 (2) a notice that states:

2 (i) the date on which the current permit expires;

3 (ii) the date by which the Board must receive the renewal
4 application for the renewal to be issued and mailed before the permit expires; and

5 (iii) the amount of the [renewal] PERMIT fee.

6 (c) Before a permit expires, the permit holder periodically may renew it for an
7 additional 2-year term, if the holder:

8 (2) pays to the Board a [renewal fee not exceeding \$80, as] PERMIT FEE
9 set by the Board; and

10 2-414.

11 (b) A permit may be reinstated under this section only if:

12 (1) the partnership, limited liability company, or corporation whose
13 permit has been revoked or suspended submits a written request to the Board;

14 (2) the Board holds a hearing on the request; [and]

15 (3) the Board, by an affirmative vote of a majority of its members, votes
16 to reinstate the permit; AND

17 (4) THE PARTNERSHIP, LIMITED LIABILITY COMPANY, OR CORPORATION
18 PAYS TO THE BOARD A REINSTATEMENT FEE SET BY THE BOARD.

19 2-416.

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

22 (3) pay to the Board [an application fee of \$25] A PERMIT FEE SET BY
23 THE BOARD.

24 **Article - Business Regulation**

25 2-106.5.

26 (A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS
27 INDICATED.

28 (2) "BOARD" MEANS THE STATE BOARD OF PUBLIC ACCOUNTANCY.

29 (3) "FUND" MEANS THE STATE BOARD OF PUBLIC ACCOUNTANCY FUND.

30 (B) (1) THERE IS A STATE BOARD OF PUBLIC ACCOUNTANCY FUND IN THE
31 DEPARTMENT.

1 (2) THE FUND IS A SPECIAL, NONLAPSING FUND THAT IS NOT SUBJECT
2 TO § 7-302 OF THE STATE FINANCE AND PROCUREMENT ARTICLE.

3 (C) THE FUND CONSISTS OF FEES COLLECTED BY THE BOARD AND
4 DISTRIBUTED TO THE FUND UNDER § 2-209 OF THE BUSINESS OCCUPATIONS AND
5 PROFESSIONS ARTICLE.

6 (D) THE FUND SHALL BE USED TO COVER THE ACTUAL DOCUMENTED DIRECT
7 AND INDIRECT COSTS OF FULFILLING THE STATUTORY AND REGULATORY DUTIES
8 OF THE BOARD.

9 (E) THE SECRETARY OR A DESIGNEE OF THE SECRETARY SHALL ADMINISTER
10 THE FUND.

11 (F) THE LEGISLATIVE AUDITOR SHALL AUDIT THE ACCOUNTS AND
12 TRANSACTIONS OF THE FUND AS PROVIDED IN § 2-1220 OF THE STATE GOVERNMENT
13 ARTICLE.

14 2-106.6.

15 (A) IN THIS SECTION, "BOARD" MEANS THE STATE BOARD OF PUBLIC
16 ACCOUNTANCY.

17 (B) IN CONSULTATION WITH THE BOARD, THE SECRETARY SHALL ANNUALLY
18 CALCULATE THE DIRECT AND INDIRECT COSTS ATTRIBUTABLE TO THE BOARD.

19 (C) BEGINNING ON JULY 1, 2008, THE BOARD SHALL ESTABLISH FEES BASED
20 ON THE CALCULATIONS PROVIDED BY THE SECRETARY UNDER THIS SECTION.

21 (D) EACH FEE ESTABLISHED BY THE BOARD MAY NOT BE INCREASED
22 ANNUALLY BY MORE THAN 12.5% OF THE EXISTING AND CORRESPONDING FEE OF
23 THE BOARD.

24 SECTION 2. AND BE IT FURTHER ENACTED, That the fees set forth in Title
25 2, Subtitles 2, 3, and 4 of the Business Occupations and Professions Article in effect on
26 June 30, 2007, shall remain in full force and effect until the fees authorized to be set
27 by the State Board of Public Accountancy in accordance with this Act are adopted and
28 made effective.

29 SECTION 3. AND BE IT FURTHER ENACTED, That, except as provided in
30 Section 2 of this Act, this Act shall take effect July 1, 2007.

