

# HOUSE BILL 1296

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By: **Delegate Feldman**

Introduced and read first time: February 8, 2008

Assigned to: Economic Matters

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Committee Report: Favorable

House action: Adopted

Read second time: March 19, 2008

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## CHAPTER \_\_\_\_\_

1 AN ACT concerning

2 **Certified Public Accountants – Licensed Out-of-State Certified Public**  
3 **Accountants – Practice Privilege**

4 FOR the purpose of providing that an individual who practices certified public  
5 accountancy whose principal place of business is outside of the State is, under  
6 certain circumstances, exempt from certain licensure laws of the State for  
7 certified public accountants and is considered to have qualifications that are  
8 substantially equivalent to a certified public accountant licensed in the State;  
9 providing that an individual who qualifies for an exemption under this Act may  
10 exercise all of the privileges of a licensed certified public accountant in the  
11 State; providing that an individual who qualifies for a practice privilege  
12 established under this Act may practice certified public accountancy in the  
13 State by any means and without any notice or fee; providing for certain  
14 conditions to be met by individuals who practice certified public accountancy  
15 under the practice privilege established by this Act; providing that certain firms  
16 that operate a business through which certified public accountancy is practiced  
17 must, under certain circumstances, hold a permit issued by the State Board of  
18 Public Accountancy; repealing certain provisions relating to certain limited  
19 permits for the practice of certified public accountancy; altering provisions of  
20 law relating to permits for the practice of certified public accountancy by  
21 partnerships, limited liability companies, and corporations; authorizing a firm  
22 to use the title “CPA” or “CPA firm” without a permit under certain  
23 circumstances; defining certain terms; and generally relating to the practice of  
24 certified public accountancy.

25 BY repealing and reenacting, with amendments,

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**EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.**

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike-out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



1 Article – Business Occupations and Professions  
2 Section 2–101, 2–102(b), 2–301, 2–308, 2–321, 2–402, 2–402.1, 2–403, 2–406,  
3 and 2–601 through 2–604  
4 Annotated Code of Maryland  
5 (2004 Replacement Volume and 2007 Supplement)

6 BY repealing and reenacting, without amendments,  
7 Article – Business Occupations and Professions  
8 Section 2–302, 2–404, 2–405, 2–501, and 2–605  
9 Annotated Code of Maryland  
10 (2004 Replacement Volume and 2007 Supplement)

11 BY repealing  
12 Article – Business Occupations and Professions  
13 Section 2–310, 2–320, 2–401, and 2–416  
14 Annotated Code of Maryland  
15 (2004 Replacement Volume and 2007 Supplement)

16 BY adding to  
17 Article – Business Occupations and Professions  
18 Section 2–401  
19 Annotated Code of Maryland  
20 (2004 Replacement Volume and 2007 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) **“AICPA” MEANS THE AMERICAN INSTITUTE OF CERTIFIED PUBLIC**  
27 **ACCOUNTANTS.**

28 (c) **“ATTEST” MEANS TO PROVIDE THE FOLLOWING FINANCIAL**  
29 **STATEMENT SERVICES:**

30 (1) **AN AUDIT OR OTHER ENGAGEMENT PERFORMED IN**  
31 **ACCORDANCE WITH THE STATEMENTS ON AUDITING STANDARDS ISSUED BY**  
32 **AICPA;**

33 (2) **A REVIEW OF A FINANCIAL STATEMENT PERFORMED IN**  
34 **ACCORDANCE WITH THE STATEMENTS ON STANDARDS FOR ACCOUNTING AND**  
35 **REVIEW SERVICES ISSUED BY AICPA;**

1           **(3) AN EXAMINATION OF PROSPECTIVE FINANCIAL INFORMATION**  
2 **PERFORMED IN ACCORDANCE WITH THE STATEMENTS ON STANDARDS FOR**  
3 **ATTESTATION ENGAGEMENTS ISSUED BY THE AICPA; AND**

4           **(4) ANY ENGAGEMENT PERFORMED IN ACCORDANCE WITH THE**  
5 **AUDITING STANDARDS OF THE PUBLIC COMPANY ACCOUNTING OVERSIGHT**  
6 **BOARD.**

7           **[(b)] (D)** “Board” means the State Board of Public Accountancy.

8           **(E) “HOME OFFICE” IS THE LOCATION SPECIFIED BY A CLIENT OF A**  
9 **CERTIFIED PUBLIC ACCOUNTANT AS THE ADDRESS TO WHICH A SERVICE**  
10 **DESCRIBED IN § 2-401(A) OF THIS TITLE IS DIRECTED.**

11           **[(c)] (F)** “License” means, unless the context requires otherwise, a license  
12 issued by the Board to practice certified public accountancy.

13           **[(d)](G)** “License fee” means the fee paid in connection with the issuance or  
14 renewal of a license.

15           **[(e)](H)** “Licensed certified public accountant” means, unless the context  
16 requires otherwise, an individual licensed by the Board to practice certified public  
17 accountancy.

18           **[(f)](I)** “Permit” means, unless the context requires otherwise, a permit  
19 issued by the Board to allow a partnership or corporation to operate a business  
20 through which an individual may practice certified public accountancy.

21           **[(g)] (J)** “Permit fee” means the fee paid in connection with the issuance or  
22 renewal of a permit [or the issuance of a limited permit].

23           **[(h)] (K)** “Practice certified public accountancy” means to perform any of the  
24 following accountancy services:

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

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

28                           (i) a financial statement;

29                           (ii) a report;

30                           (iii) a schedule; or

1 (iv) an exhibit.

2 (L) **“PRACTICE PRIVILEGE” MEANS THE RIGHT GRANTED TO AN**  
3 **INDIVIDUAL WHO IS LICENSED BY ANOTHER STATE TO PRACTICE CERTIFIED**  
4 **PUBLIC ACCOUNTANCY IN THIS STATE WITHOUT A LICENSE ISSUED BY THIS**  
5 **STATE.**

6 (M) **“PRINCIPAL PLACE OF BUSINESS” MEANS THE OFFICE LOCATION**  
7 **DESIGNATED BY THE LICENSEE FOR PURPOSES OF SUBSTANTIAL EQUIVALENCY**  
8 **AND RECIPROCITY.**

9 (N) **“NASBA” MEANS THE NATIONAL ASSOCIATION OF BOARDS OF**  
10 **ACCOUNTANCY.**

11 2–102.

12 (b) This title does not prohibit a licensee or permit holder from:

13 (1) employing a certified public accountant licensed by another state  
14 or a foreign country; or

15 (2) listing that individual as a certified public accountant, if the  
16 [listing is followed by the name of or usual abbreviation for the other state or country  
17 where the individual is recognized as a certified public accountant] **INDIVIDUAL**  
18 **QUALIFIES FOR A PRACTICE PRIVILEGE UNDER § 2–321 OF THIS TITLE.**

19 2–301.

20 [An] **EXCEPT AS PROVIDED IN § 2–321 OF THIS SUBTITLE, AN** individual  
21 shall be licensed by the Board before the individual may practice certified public  
22 accountancy in the State.

23 2–302.

24 (a) To qualify for a license, an applicant shall be an individual who meets the  
25 requirements of this section.

26 (b) The applicant shall be of good character and reputation.

27 (c) The applicant shall be at least 18 years old.

28 (d) The applicant shall meet the educational requirements under § 2–303 of  
29 this subtitle.

30 (e) Except as otherwise provided in this subtitle, the applicant shall pass an  
31 examination given by the Board under this subtitle.

1 (f) The applicant for an initial license shall complete practical work  
2 experience that is approved by the Board and that:

3 (1) is obtained over a period of:

4 (i) not more than 3 years; and

5 (ii) 1. not less than 6 months if the applicant applies before  
6 October 1, 2000; or

7 2. not less than 1 year if the applicant applies on or after  
8 October 1, 2000;

9 (2) includes providing any type of service or advice involving the use of  
10 accounting, attest, management advisory, financial advisory, tax, or consulting skills;

11 (3) is performed under the direction of:

12 (i) a licensed certified public accountant; or

13 (ii) an appropriately qualified professional as determined by the  
14 Board;

15 (4) is obtained through employment in government, industry,  
16 academia, or public practice; and

17 (5) amounts to:

18 (i) 1,000 hours if the applicant applies before October 1, 2000;  
19 or

20 (ii) 2,000 hours if the applicant applies on or after October 1,  
21 2000.

22 2–308.

23 (a) Subject to the provisions of this section, the Board may waive any  
24 examination requirement of this subtitle for:

25 (1) a certified public accountant licensed by another state; or

26 (2) the holder of a license, certificate, or degree that is issued by  
27 another country and is recognized as authority for the holder to practice public  
28 accountancy in that country in a manner comparable to practicing certified public  
29 accountancy in this State.

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

- 1 (1) is of good character and reputation;
- 2 (2) is at least 18 years of age;
- 3 (3) pays to the Board:
- 4 (i) a nonrefundable application fee set by the Board; and
- 5 (ii) a license fee set by the Board; and
- 6 (4) [(i)] provides adequate evidence that[, at the time the applicant  
7 was licensed by the other state or country,] the applicant **HAS** met educational,  
8 examination, and experience requirements that [were] **ARE:**
- 9 (I) substantially equivalent to those [then] required by the  
10 laws of this State; [or]
- 11 (II) **SUBSTANTIALLY EQUIVALENT TO THOSE REQUIRED BY**  
12 **THE LAWS OF THE STATE AT THE TIME THE APPLICANT WAS LICENSED IN**  
13 **ANOTHER STATE; OR**
- 14 [(ii)] (III) after passing the Uniform **CERTIFIED** Public  
15 Accountancy Examination, has obtained[, outside of this State,] 4 years of practical  
16 work experience, as defined in § 2-302(f) of this subtitle, within the last 10 years  
17 immediately preceding submission of the application.
- 18 (C) (1) **FOR THE PURPOSES OF THIS SUBTITLE, “SUBSTANTIAL**  
19 **EQUIVALENCY” MEANS A DETERMINATION MADE BY THE BOARD OR ITS**  
20 **DESIGNEE THAT:**
- 21 (I) **THE EDUCATION, EXAMINATION, AND EXPERIENCE**  
22 **REQUIREMENTS CONTAINED IN THE LAWS OR ADMINISTRATIVE RULES OF**  
23 **ANOTHER JURISDICTION ARE COMPARABLE TO, OR EXCEED, THE EDUCATION,**  
24 **EXAMINATION, AND EXPERIENCE REQUIREMENTS CONTAINED IN THE UNIFORM**  
25 **ACCOUNTANCY ACT; OR**
- 26 (II) **AN INDIVIDUAL’S EDUCATION, EXAMINATION, AND**  
27 **EXPERIENCE ARE COMPARABLE TO OR EXCEED THE EDUCATION, EXAMINATION,**  
28 **AND EXPERIENCE REQUIREMENTS CONTAINED IN THE UNIFORM ACCOUNTANCY**  
29 **ACT.**
- 30 (2) **IN DETERMINING SUBSTANTIAL EQUIVALENCY, THE BOARD**  
31 **SHALL TAKE INTO ACCOUNT AN INDIVIDUAL’S QUALIFICATIONS WITHOUT**

1 **REGARD TO THE SEQUENCE IN WHICH THE EDUCATION, EXAMINATION, OR**  
2 **EXPERIENCE REQUIREMENTS ARE MET.**

3 [2-310.

4 While a license is in effect, it authorizes the licensee to practice certified public  
5 accountancy.]

6 [2-320.

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

9 (1) is licensed to practice certified public accountancy in another state  
10 or foreign country;

11 (2) is not a resident of this State;

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

13 (4) submits to the Board an application on the form that the Board  
14 provides; and

15 (5) pays to the Board a license fee set by the Board.

16 (b) A limited license authorizes the licensee to practice certified public  
17 accountancy only for the specific job for which it was issued.

18 (c) Any statement or report relating to the services provided in this State  
19 shall be signed in and issued from the individual's out-of-state office on a form or  
20 stationery that sets forth the address of that office.

21 (d) (1) The Board shall set the term for each limited license issued under  
22 this section.

23 (2) The term for a limited license may not be set for more than 1 year.

24 (3) A limited license becomes effective and expires on the dates set by  
25 the Board.

26 (e) Subject to the hearing provisions of § 2-317 of this subtitle, the Board  
27 may deny or revoke a limited license for any ground as may be applicable under §  
28 2-315 of this subtitle.]

29 2-321.

1 (a) In this section, “practice certified public accountancy” includes the  
2 practice of public accountancy.

3 [(b) An individual actively licensed as a certified public accountant in another  
4 state may practice certified public accountancy in the State upon notifying the Board  
5 of the individual’s intent to practice under this section, if:

6 (1) the individual:

7 (i) verifies that the individual’s principal place of business is  
8 located outside the State; and

9 (ii) pays to the Board a notification fee set by the Board; and

10 (2) the Board verifies that either the individual:

11 (i) has acquired the education, examination scores, and  
12 experience substantially equivalent to those required by the Uniform Accountancy Act;  
13 or

14 (ii) is actively licensed in a state that has licensing  
15 requirements in the areas of education, examination, and experience that are  
16 substantially equivalent to those required by the Uniform Accountancy Act.]

17 **(B) (1) AN INDIVIDUAL WHOSE PRINCIPAL PLACE OF BUSINESS IS**  
18 **OUTSIDE THE STATE IS EXEMPT FROM THE LICENSING REQUIREMENT UNDER §**  
19 **2-301 OF THIS SUBTITLE AND SHALL BE CONSIDERED TO HAVE**  
20 **QUALIFICATIONS THAT ARE SUBSTANTIALLY EQUIVALENT TO A LICENSEE IF:**

21 **(I) THE INDIVIDUAL HOLDS A VALID LICENSE AS A**  
22 **CERTIFIED PUBLIC ACCOUNTANT FROM ANOTHER STATE; AND**

23 **(II) THE REQUIREMENTS OF THAT STATE HAVE BEEN**  
24 **VERIFIED BY NASBA AS SUBSTANTIALLY EQUIVALENT WITH THE LICENSURE**  
25 **REQUIREMENTS OF THE UNIFORM ACCOUNTANCY ACT.**

26 **(2) AN INDIVIDUAL WHO QUALIFIES FOR AN EXEMPTION UNDER**  
27 **PARAGRAPH (1) OF THIS SUBSECTION MAY EXERCISE ALL OF THE PRIVILEGES**  
28 **OF A LICENSED CERTIFIED PUBLIC ACCOUNTANT.**

29 **(C) (1) AN INDIVIDUAL WHO IS LICENSED BY A STATE THAT THE**  
30 **NASBA NATIONAL QUALIFICATION APPRAISAL SERVICE HAS NOT VERIFIED**  
31 **TO BE IN SUBSTANTIAL EQUIVALENCE WITH THE CPA LICENSURE**  
32 **REQUIREMENTS OF THE UNIFORM ACCOUNTANCY ACT MAY EXERCISE ALL OF**



1 THE PRIVILEGES OF A LICENSED CERTIFIED PUBLIC ACCOUNTANT IF THE  
2 INDIVIDUAL:

3 (I) RETAINS A PRINCIPAL PLACE OF BUSINESS OUTSIDE OF  
4 THE STATE;

5 (II) HOLDS A VALID LICENSE AS A CERTIFIED PUBLIC  
6 ACCOUNTANT; AND

7 (III) HAS QUALIFICATIONS THAT THE NASBA NATIONAL  
8 QUALIFICATION APPRAISAL SERVICE HAS DETERMINED TO BE SUBSTANTIALLY  
9 EQUIVALENT TO THE CPA LICENSURE REQUIREMENTS OF THE UNIFORM  
10 ACCOUNTANCY ACT.

11 (2) AN INDIVIDUAL WHO HAS PASSED THE UNIFORM CPA  
12 EXAMINATION AND HOLDS A VALID LICENSE ISSUED BY ANOTHER STATE PRIOR  
13 TO JANUARY 1, 2012, MAY BE EXEMPT FROM THE EDUCATION REQUIREMENTS  
14 IN THE UNIFORM ACCOUNTANCY ACT FOR PURPOSES OF THIS SUBSECTION.

15 (3) NOTWITHSTANDING ANY OTHER PROVISION OF LAW, AN  
16 INDIVIDUAL WHO QUALIFIES FOR A PRACTICE PRIVILEGE UNDER THIS SECTION  
17 MAY PRACTICE CERTIFIED PUBLIC ACCOUNTANCY IN THE STATE:

18 (I) BY ANY MEANS, INCLUDING MAIL, TELEPHONE, OR  
19 ELECTRONIC COMMUNICATION; AND

20 (II) WITHOUT ANY NOTICE, FEE, OR OTHER SUBMISSION TO  
21 THE BOARD.

22 [(c)] (D) (1) [By notifying the Board of the individual's intent to practice under  
23 this section, the individual consents to] AS A CONDITION OF THE PRACTICE  
24 PRIVILEGE, AN INDIVIDUAL WHO IS LICENSED BY ANOTHER STATE AND  
25 QUALIFIES FOR A PRACTICE PRIVILEGE UNDER THIS SUBTITLE AND ANY FIRM  
26 THAT EMPLOYS THE INDIVIDUAL TO PRACTICE IN THE STATE SHALL BOTH  
27 CONSENT TO:

28 (1) the personal and subject matter jurisdiction and disciplinary  
29 authority of the Board;

30 (2) complying with State public accountancy laws and regulations  
31 adopted by the Board; and

32 (3) the appointment of the State Board of Public Accountancy that  
33 issued the individual's license to practice certified public accountancy as the agent

1 upon which process may be served in any action or proceeding by the Board against  
2 the individual; **AND**

3 **(4) CEASING TO OFFER OR PROVIDE SERVICES IN THE STATE**  
4 **THAT ARE SUBJECT TO THIS TITLE IF THE LICENSE ISSUED BY THE STATE IN**  
5 **WHICH THE INDIVIDUAL'S PRINCIPAL PLACE OF BUSINESS IS LOCATED IS NO**  
6 **LONGER VALID.**

7 [(d) An individual's right to practice under this section shall expire 2 years  
8 after the date of notification to the Board as provided in subsection (b) of this section.

9 (e) An individual who meets the requirements of this section may renew the  
10 right to practice under this section by notifying the Board and paying a license fee set  
11 by the Board.]

12 [(f)](E) An individual authorized to practice certified public accountancy  
13 under this section **AND UNDER THE PRACTICE PRIVILEGE** may represent to the  
14 public, by use of a title, including "licensed certified public accountant", "certified  
15 public accountant", "public accountant", or "auditor", by use of the abbreviation  
16 "C.P.A.", by description of services, methods, or procedures, or otherwise, that the  
17 individual is authorized to practice certified public accountancy in the State.

18 **(F) A SOLE PRACTITIONER WHO IS PRACTICING IN THE STATE UNDER**  
19 **THE PRACTICE PRIVILEGE MAY ONLY PERFORM ATTEST SERVICES AS DEFINED**  
20 **IN § 2-101(C)(1), (3), OR (4) OF THIS TITLE, THROUGH A FIRM THAT HOLDS A**  
21 **PERMIT ISSUED UNDER § 2-401 OF THIS TITLE.**

22 [2-401.

23 (a) Subject to the provisions of this subtitle, an individual may practice  
24 certified public accountancy through a partnership, limited liability company, or  
25 corporation that holds a permit under this subtitle.

26 (b) A partnership, limited liability company, or corporation shall hold a  
27 permit issued by the Board before the partnership, limited liability company, or  
28 corporation may operate a business through which certified public accountancy is  
29 practiced.]

30 **2-401.**

31 **(A) TO OPERATE A BUSINESS THROUGH WHICH CERTIFIED PUBLIC**  
32 **ACCOUNTANCY IS PRACTICED, A FIRM SHALL HOLD A PERMIT ISSUED BY THE**  
33 **BOARD IF THE FIRM:**

34 **(1) HAS AN OFFICE IN THIS STATE THAT PERFORMS ATTEST**  
35 **SERVICES AS DEFINED IN § 2-101(C) OF THIS TITLE;**

1           **(2) HAS AN OFFICE IN THIS STATE THAT USES THE TITLE “CPA”**  
2 **OR “CPA FIRM”; OR**

3           **(3) PERFORMS ATTEST SERVICES DESCRIBED IN § 2-101(C)(1),**  
4 **(3) OR (4) OF THIS TITLE FOR A CLIENT WITH A HOME OFFICE IN THIS STATE.**

5           **(B) A FIRM THAT DOES NOT HAVE AN OFFICE IN THIS STATE MAY**  
6 **PERFORM ATTEST SERVICES AS DEFINED IN § 2-101(C)(2) OR § 2-4A-01(C) OF**  
7 **THIS TITLE FOR A CLIENT WITH A HOME OFFICE IN THIS STATE WITHOUT A**  
8 **PERMIT IF THE FIRM:**

9           **(1) MEETS THE APPLICATION AND PEER REVIEW REQUIREMENTS**  
10 **UNDER §§ 2-402, 2-402.1, 2-403, AND 2-4A-02 OF THIS TITLE; AND**

11           **(2) PERFORMS SERVICES THROUGH AN INDIVIDUAL WITH A**  
12 **PRACTICE PRIVILEGE UNDER § 2-321 OF THIS TITLE.**

13           **(C) THE BOARD SHALL GRANT OR RENEW A PERMIT TO PRACTICE AS A**  
14 **CPA FIRM TO A PARTNERSHIP, LIMITED LIABILITY COMPANY, OR**  
15 **CORPORATION THAT DEMONSTRATES ITS QUALIFICATIONS IN ACCORDANCE**  
16 **WITH THIS SECTION.**

17           **(D) IF A FIRM DOES NOT MEET THE REQUIREMENTS OF THIS SECTION,**  
18 **THE FIRM MAY PERFORM OTHER PROFESSIONAL SERVICES WHILE USING THE**  
19 **TITLE “CPA” OR “CPA FIRM” IN THIS STATE WITHOUT A PERMIT, IF THE FIRM:**

20           **(1) PERFORMS THOSE SERVICES THROUGH AN INDIVIDUAL WITH**  
21 **A PRACTICE PRIVILEGE PROVIDED UNDER § 2-321 OF THIS SUBTITLE; AND**

22           **(2) PERFORMS THOSE SERVICES IN THE STATE WHERE THE**  
23 **INDIVIDUAL WITH A PRACTICE PRIVILEGE RETAINS A PRINCIPAL PLACE OF**  
24 **BUSINESS.**

25 2-402.

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

28           (b) The partnership shall:

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

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

3 (c) Each permanent office required under subsection (b) of this section shall  
4 be managed by a partner of the partnership who resides in the State] **HAVE AT**  
5 **LEAST A SIMPLE MAJORITY OF THE PARTNERS, OFFICERS, SHAREHOLDERS,**  
6 **MEMBERS, OR MANAGERS, IN TERMS OF FINANCIAL INTEREST AND VOTING**  
7 **RIGHTS, BE LICENSED IN A STATE;**

8 (2) (I) **HAVE A PERMANENT OFFICE IN THE STATE FROM**  
9 **WHICH AN INDIVIDUAL IS LICENSED TO PRACTICE CERTIFIED PUBLIC**  
10 **ACCOUNTANCY; OR**

11 (II) **HAVE AT LEAST A SIMPLE MAJORITY OF THE PARTNERS,**  
12 **OFFICERS, SHAREHOLDERS, MEMBERS, OR MANAGERS RETAIN A PRINCIPAL**  
13 **PLACE OF BUSINESS IN THIS STATE;**

14 (3) **HOLD A VALID LICENSE ISSUED UNDER § 2-301 OF THIS**  
15 **TITLE; AND**

16 (4) **COMPLY WITH REGULATIONS PROMULGATED BY THE BOARD.**

17 [(d)] (C) [(1)] An individual who is not licensed to practice certified public  
18 accountancy in this State or another state may have an ownership interest in the  
19 partnership if:

20 [(i)] (1) a simple majority of the ownership of the partnership,  
21 in terms of financial interests and voting rights, is held by individuals licensed to  
22 practice certified public accountancy in this or another state;[and]

23 [(ii)] (2) the individual is an active participant in the  
24 partnership **OR ITS AFFILIATED ENTITIES;**

25 (3) **THE PARTNERSHIP DESIGNATES, TO THE BOARD, A**  
26 **LICENSEE OF THIS STATE, OR A QUALIFIED LICENSEE OF ANOTHER STATE WHO**  
27 **IS RESPONSIBLE FOR THE REGISTRATION OF THE PARTNERSHIP; AND**

28 (4) **THE PARTNERSHIP COMPLIES WITH REGULATIONS**  
29 **ADOPTED BY THE BOARD.**

30 [(2)] (D) At least 1 general partner and any other partner who  
31 practices or intends to practice certified public accountancy in the State shall be  
32 licensed by the Board to practice certified public accountancy in the State **OR**  
33 **QUALIFY FOR A PRACTICE PRIVILEGE UNDER § 2-321 OF THIS TITLE.**

1 2-402.1.

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

4 (b) The limited liability company shall:

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

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

9 (c) Each permanent office required under subsection (b) of this section shall  
10 be under the immediate direction of a member of the limited liability company who  
11 resides in the State] **HAVE AT LEAST A SIMPLE MAJORITY OF THE OFFICERS,  
12 SHAREHOLDERS, MEMBERS, OR MANAGERS, IN TERMS OF FINANCIAL INTEREST  
13 AND VOTING RIGHTS, BE LICENSED IN A STATE;**

14 **(2) (I) HAVE A PERMANENT OFFICE IN THE STATE FROM  
15 WHICH AN INDIVIDUAL IS LICENSED TO PRACTICE CERTIFIED PUBLIC  
16 ACCOUNTANCY; OR**

17 **(II) HAVE AT LEAST A SIMPLE MAJORITY OF THE OFFICERS,  
18 SHAREHOLDERS, MEMBERS, OR MANAGERS RETAIN A PRINCIPAL PLACE OF  
19 BUSINESS IN THIS STATE;**

20 **(3) HOLD A VALID LICENSE ISSUED UNDER § 2-301 OF THIS  
21 TITLE; AND**

22 **(4) COMPLY WITH REGULATIONS ADOPTED BY THE BOARD.**

23 [(d)] (C) An individual who is not licensed to practice certified public  
24 accountancy in this State or another state may have an ownership interest in the  
25 limited liability company if:

26 (1) a simple majority of the ownership of the limited liability company,  
27 in terms of financial interests and voting rights, is held by individuals licensed to  
28 practice certified public accountancy in this or another state; and

29 (2) the individual is an active participant in the limited liability  
30 company **OR AFFILIATED ENTITIES.**

31 2-403.

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

3 (b) The corporation shall meet the applicable requirements of the Maryland  
4 Professional Service Corporation Act **OR OF THE COMPARABLE LAW IN ANOTHER**  
5 **STATE.**

6 (c) The corporation shall:

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

9 (2) submit proof, satisfactory to the Board, of the intent of the  
10 corporation to establish immediately a permanent office] **HAVE AT LEAST A SIMPLE**  
11 **MAJORITY OF THE OFFICERS, SHAREHOLDERS, MEMBERS, OR MANAGERS, IN**  
12 **TERMS OF FINANCIAL INTEREST AND VOTING RIGHTS, BE LICENSED IN A STATE;**  
13 **AND**

14 (2) (I) **HAVE A PERMANENT OFFICE IN THE STATE FROM**  
15 **WHICH AN INDIVIDUAL IS LICENSED TO PRACTICE CERTIFIED PUBLIC**  
16 **ACCOUNTANCY; OR**

17 (II) **HAVE AT LEAST A SIMPLE MAJORITY OF THE OFFICERS,**  
18 **SHAREHOLDERS, MEMBERS, OR MANAGERS RETAIN A PRINCIPAL PLACE OF**  
19 **BUSINESS IN THIS STATE;**

20 (3) **HOLD A VALID LICENSE ISSUED UNDER § 2-301 OF THIS**  
21 **TITLE; AND**

22 (4) **COMPLY WITH REGULATIONS ADOPTED BY THE BOARD.**

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

25 [(e)] (D) An individual who is not licensed to practice certified public  
26 accountancy in this State or another state may have an ownership interest in the  
27 corporation if:

28 (1) a simple majority of the ownership of the corporation, in terms of  
29 financial interests and voting rights, is held by individuals licensed to practice  
30 certified public accountancy in this or another state; and

31 (2) the individual is an active participant in the corporation **OR**  
32 **AFFILIATED ENTITIES;**

1           **(3) THE CORPORATION SUBMITS TO THE BOARD THE NAME OF A**  
2 **LICENSEE OF THIS STATE, OR, IF APPLICABLE, A LICENSEE OF ANOTHER STATE**  
3 **WITH A PRACTICE PRIVILEGE IN THIS STATE WHO IS RESPONSIBLE FOR THE**  
4 **REGISTRATION OF THE CORPORATION; AND**

5           **(4) THE CORPORATION COMPLIES WITH ANY OTHER**  
6 **REQUIREMENTS THAT THE BOARD IMPOSES.**

7 2-404.

8           (a) An applicant for a permit shall:

9                   (1) submit to the Board an application on the form that the Board  
10 provides; and

11                   (2) pay to the Board a nonrefundable application fee set by the Board.

12           (b) In addition to any other information required on an application form, the  
13 form shall require:

14                   (1) for a partnership applicant, a list of each partner who practices or  
15 who intends to practice certified public accountancy in the State;

16                   (2) for a limited liability company, a list of each member who practices  
17 or who intends to practice certified public accountancy in the State; and

18                   (3) for a corporate applicant, a list of all of the shareholders of the  
19 corporation.

20 2-405.

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

23                   (1) the applicant has qualified for a permit; and

24                   (2) on receipt of a permit fee set by the Board, the Board will issue a  
25 permit to the applicant.

26           (b) On payment of the permit fee, the Board shall issue a permit to each  
27 applicant that meets the requirements of this subtitle.

28 2-406.

29           (a) Subject to subsection (b) of this section and while a permit is in effect, it  
30 authorizes the holder to:

1 (1) operate a business through which an individual practices certified  
2 public accountancy; and

3 (2) represent to the public that the business provides the services of a  
4 licensed certified public accountant.

5 (b) A permit authorizes the holder to provide a service that constitutes  
6 practicing certified public accountancy only if the service is performed by an individual  
7 who is licensed or otherwise authorized under this title to practice.

8 (C) **A FIRM MAY USE THE TITLE "CPA" OR "CPA FIRM" WITHOUT A**  
9 **PERMIT ISSUED UNDER THIS SECTION IF THE FIRM IS PERFORMING OTHER**  
10 **PROFESSIONAL SERVICES THAT DO NOT REQUIRE A PERMIT IF:**

11 (1) **THE FIRM PERFORMS THOSE SERVICES THROUGH AN**  
12 **INDIVIDUAL WITH A PRACTICE PRIVILEGE UNDER § 2-321 OF THIS TITLE; AND**

13 (2) **THE FIRM PERFORMS THOSE SERVICES IN THE STATE WHERE**  
14 **THE INDIVIDUAL WITH A PRACTICE PRIVILEGE RETAINS A PRINCIPAL PLACE OF**  
15 **BUSINESS.**

16 [2-416.

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

19 (1) a simple majority of the ownership of the partnership, in terms of  
20 financial interests and voting rights, is held by individuals licensed to practice  
21 certified public accountancy in this or another state;

22 (2) any individual who has an ownership interest in the partnership  
23 and is not licensed to practice certified public accountancy in this or another state is  
24 an active participant in the partnership;

25 (3) at least 1 general partner and any other partner who practices or  
26 intends to practice accountancy in the State is licensed by the Board under § 2-309 or  
27 § 2-320 of this title; and

28 (4) the requirements of subsection (d) of this section are met.

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

31 (1) a simple majority of the ownership of the limited liability company,  
32 in terms of financial interests and voting rights, is held by individuals licensed to  
33 practice certified public accountancy in this or another state;



1           (2) any individual who has an ownership interest in the limited  
2 liability company and is not licensed to practice certified public accountancy in this or  
3 another state is an active participant in the limited liability company;

4           (3) each member who practices or intends to practice accountancy in  
5 the State is licensed by the Board under § 2–309 or § 2–320 of this title; and

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

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

9           (1) a simple majority of the ownership of the corporation, in terms of  
10 financial interests and voting rights, is held by individuals licensed to practice  
11 certified public accountancy in this or another state;

12           (2) any individual who has an ownership interest in the corporation  
13 and is not licensed to practice certified public accountancy in this or another state is  
14 an active participant in the corporation;

15           (3) each shareholder who practices or intends to practice accountancy  
16 in this State is licensed by the Board under § 2–309 or § 2–320 of this title; and

17           (4) the requirements of subsection (d) of this section are met.

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

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

21           (2) submit to the Board an application on the form that the Board  
22 provides; and

23           (3) pay to the Board a permit fee set by the Board.

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

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

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

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

1 (g) Subject to the hearing provisions of § 2-412 of this subtitle, the Board  
2 may deny or revoke a limited permit for any ground as may be applicable under §  
3 2-410 of this subtitle.]

4 2-501.

5 (a) (1) The Board may adopt regulations to:

6 (i) require that each office maintained in the State for the  
7 practice of accounting by an individual accountant or partnership or corporate permit  
8 holder be registered every 2 years with the Board by the individual, partnership, or  
9 corporation; and

10 (ii) set the procedure to carry out the registration.

11 (2) The Board may not charge a fee for any registration required  
12 under this section.

13 (b) If a licensee or a permit holder fails to register any office as required by a  
14 regulation adopted under subsection (a) of this section, the license or permit shall:

15 (1) be suspended automatically; and

16 (2) remain suspended until the licensee or permit holder complies with  
17 the registration requirements adopted under this section.

18 2-601.

19 Except as otherwise provided in this title, a person may not practice, attempt to  
20 practice, or offer to practice certified public accountancy in the State unless licensed by  
21 the Board **OR QUALIFIED FOR A PRACTICE PRIVILEGE UNDER § 2-321 OF THIS**  
22 **TITLE.**

23 2-602.

24 Except for a licensed certified public accountant **OR AN INDIVIDUAL**  
25 **PRACTICING UNDER A PRACTICE PRIVILEGE UNDER § 2-321 OF THIS TITLE** who  
26 operates a business as a sole practitioner, a person may not operate a business  
27 through which certified public accountancy is practiced, unless:

28 (1) the business is a partnership, limited liability company, or  
29 corporation; and

30 (2) **EXCEPT AS OTHERWISE PROVIDED UNDER § 2-401 OF THIS**  
31 **TITLE**, the partnership, limited liability company, or corporation holds a permit issued  
32 by the Board.

1 2-603.

2 (a) Subject to subsection (b) of this section and unless authorized under this  
3 title to practice certified public accountancy, a person may not represent to the public,  
4 by use of a title, including “licensed certified public accountant”, “certified public  
5 accountant”, “public accountant”, or “auditor”, by use of the abbreviation “CPA”, by  
6 description of services, methods, or procedures, or otherwise, that the person is  
7 authorized to practice certified public accountancy in the State.

8 (b) Subsection (a) of this section does not prohibit:

9 (1) the description of a principal, officer, or employee of an  
10 organization by the position, title, or office that the individual holds in the  
11 organization; or

12 (2) a partnership, limited liability company, or corporation that holds  
13 a permit **OR IS EXEMPT FROM THE PERMIT REQUIREMENT UNDER § 2-401 OF**  
14 **THIS TITLE** from using, in connection with the name of the partnership, limited  
15 liability company, or corporation, any of the terms or the abbreviation to which  
16 subsection (a) of this section refers.

17 (c) (1) The display, distribution, or other use by a person of the person’s  
18 name, in conjunction with any of the following list of titles or abbreviations in a card,  
19 sign, advertisement, directory listing, or other instrument or device, is, in any  
20 proceeding under this title, prima facie evidence that the person represents to the  
21 public that the person is authorized to practice certified public accountancy:

22 (i) “licensed certified public accountant”;

23 (ii) “certified public accountant”;

24 (iii) “public accountant”;

25 (iv) “auditor”; or

26 (v) an abbreviation of any of these titles.

27 (2) In a proceeding under this title, evidence of a single representation  
28 described in paragraph (1) of this subsection is, without evidence of a general course of  
29 conduct, adequate to justify a finding that a person has represented to the public that  
30 the person is authorized to practice certified public accountancy in the State.

31 2-604.

32 (a) Subject to subsection (b) of this section and unless a person holds a  
33 permit issued by the Board **OR IS OTHERWISE AUTHORIZED UNDER THIS TITLE TO**

1 **PRACTICE CERTIFIED PUBLIC ACCOUNTANCY**, the person may not represent to the  
2 public, by use of a title, including “licensed certified public accountants”, “certified  
3 public accountants”, “public accountants”, or “auditors”, by use of the abbreviation  
4 “CPA”, by description of services, methods, or procedures, or otherwise, that the  
5 person holds a permit or otherwise is authorized to operate a business through which  
6 certified public accountancy is practiced in the State.

7 (b) Subsection (a) of this section does not apply to a licensed certified public  
8 accountant **OR AN INDIVIDUAL PRACTICING UNDER A PRACTICE PRIVILEGE**  
9 **UNDER § 2-321 OF THIS TITLE** who operates the business as a sole practitioner.

10 2-605.

11 (a) A person who violates any provision of this subtitle is guilty of a  
12 misdemeanor and on conviction is subject to a fine not exceeding \$500 or  
13 imprisonment not exceeding 6 months or both.

14 (b) (1) The Board may impose on a person who violates any provision of  
15 this subtitle a penalty not exceeding \$5,000 for each violation.

16 (2) In setting the amount of the penalty, the Board shall consider:

17 (i) the seriousness of the violation;

18 (ii) the harm caused by the violation;

19 (iii) the good faith of the violator;

20 (iv) any history of previous violations by the violator; and

21 (v) any other relevant factors.

22 (3) The Board shall pay any penalty collected under this subsection  
23 into the General Fund of the State.

24 **SECTION 2. AND BE IT FURTHER ENACTED**, That this Act shall take effect  
25 October 1, 2008.