

Legislative Analysis



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ACCOUNTING FIRM REQUIREMENTS

House Bill 5220

Sponsor: Rep. Tim Kelly

Committee: Regulatory Reform

Complete to 3-14-14

A SUMMARY OF HOUSE BILL 5220 AS INTRODUCED 1-14-14

Article 7 of the Occupational Code deals with certified public accountants. Section 728 addresses the requirement for accounting firms to obtain a Michigan license. The bill would amend that section in the following ways.

- Currently, the statute lists the requirements a firm must meet to be licensed. One of the requirements is that the principal officer of the firm and each officer or director with authority for the practice of public accounting by the firm be licensed and in good standing as certified public accountants in Michigan or another state or the equivalent in another jurisdiction). The bill would strike much of this language and, instead, require that:

All attest and compilation services provided by a firm in this state are performed under the supervision of an individual who is licensed and in good standing as a certified public accountant in this state or another state or is licensed, registered, or certified in another jurisdiction that has licensing, registration, or certification requirements similar to those in Michigan and that are acceptable to the licensing board.

- The language cited above about public accountants in other jurisdictions would also be added to another requirement firms must meet to be licensed. Currently, at least a simple majority of the equity and voting rights of the firm must be held directly or beneficially by individuals licensed in good standing in this state, another state, or the equivalent in another licensing jurisdiction. The bill would rewrite this to read that they must be licensed in this state or another state, or "are licensed, registered, or certified in another jurisdiction that has licensing, registration, or certification requirements that are similar to the licensing requirements of this state" and that are acceptable to the licensing board.

FISCAL IMPACT:

The bill would not have a significant fiscal impact on the state or local units of government

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