

By: Williams

S.B. No. 1364

A BILL TO BE ENTITLED

AN ACT

relating to the regulation of the practice of public accountancy by certain out-of-state license holders.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Sections 901.002(4) and (5), Occupations Code, are amended to read as follows:

(4) "Certified public accountant" means a person who holds a certificate issued under this chapter or who practices in this state under Section 901.462.

(5) "Certified public accountancy firm" means a person who holds a firm license or a firm that practices in this state under Section 901.461.

SECTION 2. Section 901.251(a), Occupations Code, is amended to read as follows:

(a) A person who is an individual may not engage in the practice of public accountancy unless the person holds a certificate issued under this chapter or practices in this state under Section 901.462.

SECTION 3. Section 901.351, Occupations Code, is amended by amending Subsections (a) and (b) and adding Subsection (a-1) to read as follows:

(a) A firm may not provide attest services or use the title "CPA's," "CPA Firm," "Certified Public Accountants," "Certified Public Accounting Firm," or "Auditing Firm" or a variation of one of

those titles unless the firm holds a firm license issued under this subchapter or practices in this state under Section 901.461.

(a-1) A firm is required to hold a firm license under this subchapter if the firm:

(1) establishes or maintains an office in this state;  
or

(2) for an entity that maintains headquarters in this state, performs in this state:

(A) an audit or other engagement in accordance with the Statements on Auditing Standards;

(B) a financial statement audit in accordance with Government Auditing Standards;

(C) an examination of prospective financial information in accordance with the Statements on Standards for Attestation Engagements; or

(D) an engagement in accordance with Public Company Accounting Oversight Board standards.

(b) The board shall grant or renew a firm license to practice as a certified public accountancy firm to:

(1) a firm that applies and demonstrates the necessary qualifications in accordance with this subchapter; or

(2) a firm originally licensed as a certified public accountancy firm in another state that:

(A) is required to hold a firm license under Subsection (a-1) [~~establishes an office in this state~~]; and

(B) demonstrates the necessary qualifications in accordance with this subchapter.

SECTION 4. Section 901.401(b), Occupations Code, is amended to read as follows:

(b) Each office in this state of a certified public accountancy firm or a firm of public accountants must hold a license issued under this chapter.

SECTION 5. Section 901.405(f), Occupations Code, is amended to read as follows:

(f) A person who was licensed in this state, moved to another state, and is currently licensed and has been in practice in the other state for the two years preceding the date of application may obtain a new license without reexamination. A [The] person described by this subsection whose license has been revoked under Section 901.502(3) or (4) may obtain a new license under this subsection. A person described by this subsection must pay to the board a fee that is equal to two times the normally required renewal fee for the license and is not subject to additional fees under Section 901.408.

SECTION 6. Section 901.408(a), Occupations Code, is amended to read as follows:

(a) A person, other than a person described by Section 901.405(f), who fails to pay the license renewal fee or the additional fee imposed under Section 901.407, as applicable, and any late fee before the first anniversary of the due date of the renewal fee or additional fee may renew the person's license only by submitting to the board an application for renewal accompanied by payment of:

(1) all accrued fees, including late fees; and

1           (2) the direct administrative costs incurred by the  
2 board in renewing the person's license.

3           SECTION 7. The heading to Subchapter J, Chapter 901,  
4 Occupations Code, is amended to read as follows:

5           SUBCHAPTER J. PRACTICE OF PUBLIC ACCOUNTANCY [~~BY LICENSE HOLDER~~]

6           SECTION 8. Section 901.451(b), Occupations Code, is amended  
7 to read as follows:

8           (b) A person may not provide attest services or assume or  
9 use the title "certified public accountants," the abbreviation  
10 "CPAs," or any other title, designation, word, letter,  
11 abbreviation, sign, card, or device tending to indicate that the  
12 person is a certified public accountancy firm unless:

13           (1) the person holds a firm license issued under this  
14 chapter or practices in this state under Section 901.461;

15           (2) ownership of the person complies with the  
16 requirements of this chapter and rules adopted by the board; and

17           (3) the person complies with board rules authorizing  
18 the practice.

19           SECTION 9. Section 901.454(a), Occupations Code, is amended  
20 to read as follows:

21           (a) A person who is an accountant of another state may use  
22 the title under which the accountant is generally known in the state  
23 from which the accountant received a certificate, license, or  
24 degree[~~, followed by the name of that state,~~] if:

25           (1) the person is an individual who holds a license  
26 issued under this chapter or practices in this state under Section  
27 901.462; [and]

1           (2) any ~~[each]~~ of the person's offices established or  
2 maintained in this state for the practice of public accountancy is  
3 licensed ~~[maintained and practices under a firm license as~~  
4 ~~required]~~ under this chapter; or

5           (3) the person is an entity that practices under a firm  
6 license or practices in this state under Section 901.461  
7 [Subchapter H].

8           SECTION 10. Subchapter J, Chapter 901, Occupations Code, is  
9 amended by adding Sections 901.461 and 901.462 to read as follows:

10          Sec. 901.461. PRACTICE BY CERTAIN OUT-OF-STATE FIRMS. (a)  
11 A certified public accountancy firm that is licensed and has its  
12 primary place of business in another state and is not required to  
13 hold a firm license under Section 901.351(a-1) may practice in this  
14 state without a firm license.

15          (b) A firm described by Subsection (a) may not perform the  
16 services described by Section 901.351(a-1) but may exercise all  
17 other practice privileges of a firm license holder.

18          (c) A firm practicing under this section, as a condition of  
19 the privilege of practicing without a firm license:

20               (1) is subject to the personal and subject matter  
21 jurisdiction and disciplinary authority of the board;

22               (2) must comply with this chapter and board rules; and

23               (3) is considered to have appointed the regulatory  
24 agency of the state that issued the firm's license as the firm's  
25 agent on whom process may be served in any action or proceeding by  
26 the board against the individual.

27          (d) A firm that has practice privileges under this section

1 shall promptly cease offering or rendering professional services in  
2 this state if the firm's license to practice as a certified public  
3 accountancy firm in the state in which the firm's primary place of  
4 business is no longer valid.

5 Sec. 901.462. PRACTICE BY OUT-OF-STATE PRACTITIONER WITH  
6 SUBSTANTIALLY EQUIVALENT QUALIFICATIONS. (a) An individual who  
7 holds a certificate or license as a certified public accountant  
8 issued by another state and whose principal place of business is not  
9 in this state may exercise all the privileges of certificate and  
10 license holders of this state without obtaining a certificate or  
11 license under this chapter if:

12 (1) the National Association of State Boards of  
13 Accountancy's National Qualification Appraisal Service has  
14 verified that the other state has education, examination, and  
15 experience requirements for certification or licensure that are  
16 comparable to or exceed the requirements for licensure as a  
17 certified public accountant of The American Institute of Certified  
18 Public Accountants/National Association of State Boards of  
19 Accountancy Uniform Accountancy Act and the board determines that  
20 the licensure requirements of that Act are comparable to or exceed  
21 the licensure requirements of this chapter; or

22 (2) the individual obtains from the National  
23 Association of State Boards of Accountancy's National  
24 Qualification Appraisal Service verification that the individual's  
25 education, examination, and experience qualifications are  
26 comparable to or exceed the requirements for licensure as a  
27 certified public accountant of The American Institute of Certified

1 Public Accountants/National Association of State Boards of  
2 Accountancy Uniform Accountancy Act and the board determines that  
3 the licensure requirements of that Act are comparable to or exceed  
4 the licensure requirements of this chapter.

5 (b) An individual who meets the requirements of Subsection  
6 (a)(1) or (2) and who offers or renders professional services in  
7 person or by mail, telephone, or electronic means may practice  
8 public accountancy in this state.

9 (c) An individual practicing under this section, as a  
10 condition of the privilege of practicing without a certificate or  
11 license:

12 (1) is subject to the personal and subject matter  
13 jurisdiction and disciplinary authority of the board;

14 (2) must comply with this chapter and the board's  
15 rules; and

16 (3) is considered to have appointed the regulatory  
17 agency of the state that issued the individual's certificate or  
18 license as the agent on whom process may be served in any action or  
19 proceeding by the board against the individual.

20 (d) An individual who has practice privileges under this  
21 section shall promptly cease offering or rendering professional  
22 services in this state if the individual's certificate or license  
23 in the state of the individual's principal place of business is no  
24 longer valid.

25 (e) An individual practicing under this section must  
26 practice through a firm that holds a license under this chapter if  
27 the individual performs:

1           (1) an audit or other engagement in accordance with  
2 the Statements on Auditing Standards;

3           (2) a financial statement audit in accordance with  
4 Government Auditing Standards;

5           (3) an examination of prospective financial  
6 information in accordance with the Statements on Standards for  
7 Attestation Engagements; or

8           (4) an engagement in accordance with Public Company  
9 Accounting Oversight Board standards.

10           SECTION 11. Sections 901.356 and 901.412, Occupations Code,  
11 are repealed.

12           SECTION 12. This Act takes effect September 1, 2007.