

**SENATE . . . . . No. 2668**

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**The Commonwealth of Massachusetts**

—  
**In the One Hundred and Ninety-First General Court  
(2019-2020)**  
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SENATE, April 30, 2020.

The committee on Consumer Protection and Professional Licensure to whom was referred the petition (accompanied by bill, Senate, No. 150) of Anne M. Gobi for legislation to modernize public accountancy, reports the accompanying bill (Senate, No. 2668).

For the committee,  
Paul R. Feeney

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**The Commonwealth of Massachusetts**

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**In the One Hundred and Ninety-First General Court  
(2019-2020)**  
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An Act to modernize public accountancy.

*Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:*

1           SECTION 1. Chapter 112 of the General Laws, as appearing in the 2018 Official Edition,  
2 is hereby amended by striking out Section 87A, and inserting in place thereof the following  
3 section:-

4           Section 87A. As used in sections eighty-seven A1/2 to eighty-seven E, inclusive, the  
5 following words shall, unless the context requires otherwise, have the following meanings:-

6           "Board", the board of public accountancy established under the provisions of section  
7 thirty-three of chapter thirteen.

8           "Certificate", a certificate issued to a certified public accountant under the provisions of  
9 section eighty-seven A1/2 or a corresponding certificate as a certified public accountant issued  
10 after examination under the laws of any other state.

11 "Firm", a business or professional corporation, general or registered limited liability  
12 company, or any other organizational form of entity legally permitted to engage in the practice of  
13 public accounting.

14 "Licensee", the holder of a certificate issued under the provisions of section eighty-seven  
15 B or eighty-seven B1/2.

16 "Person", a natural person, corporation, association, partnership or other legal entity.

17 "Practice of public accountancy", the performance or the offering to perform by a person  
18 or firm holding itself out to the public as a licensee, for a client or potential client, of one or more  
19 kinds of services involving the use of accounting or auditing skills, including the issuance of  
20 reports, any attest or compilation, means, or of one or more kinds of management advisory or  
21 consulting services, or the preparation of tax returns or the furnishing of advice on tax matters.

22 "Quality review", a study, appraisal, or review of one or more aspects of the professional  
23 work of a person or firm in the practice of public accountancy, by a person or persons who hold  
24 licenses and who are not affiliated with the person or firm being reviewed.

25 "Report", when used with reference to financial statements, an opinion, report or other  
26 form of language which states or implies assurance as to the reliability of the attested or  
27 compiled financial statements and which also includes or is accompanied by any statement or  
28 implication that the person or firm issuing it has special knowledge or competence in accounting  
29 or auditing. Such a statement or implication of special knowledge or competency may arise from  
30 use by the issuer of the report of names or titles indicating that he or it is an accountant or  
31 auditor, or from the language of the report itself. The term "report" includes any form of  
32 language which disclaims an opinion when such form of language is conventionally understood

33 to imply a positive assurance as to the attested or compiled financial statements referred to or  
34 special competence on the part of the person or firm issuing such language; and it includes any  
35 other form of language that is conventionally understood to imply such assurance and such  
36 special knowledge or competence.

37 "Reviewer", a person, firm, professional society or association, or a member or committee  
38 thereof, carrying out, supervising, conducting, advertising, participating in, or overseeing quality  
39 review.

40 SECTION 2. Subclause (C) of paragraph (2) of subsection (d) of section 87B of said  
41 chapter 112 of the General Laws, as so appearing, is hereby amended by striking out, in line 40,  
42 the word "five" and inserting in place thereof the following word:- "four".

43 SECTION 3. Paragraph (1) of subsection (h) of said section 87B of said chapter 112, as  
44 so appearing is hereby stricken out.

45 SECTION 4. Paragraph (5) of subsection (h) of said section 87B of said chapter 112, as  
46 so appearing is hereby amended by striking out, in lines 146-147, the words "on the financial  
47 statements".

48 SECTION 5. Paragraph (6) of subsection (h) of said section 87B of said chapter 112, as  
49 so appearing, is hereby amended by striking out, in line 151, the words "on financial statements".

50 SECTION 6. Said Section 87B of said chapter 112 of the General Laws, as so appearing,  
51 is hereby amended by inserting the following subsection:-

52 (i) A licensee or person engaged in the practice of certified public accountancy shall  
53 adhere to the American Institute of CPAs' Code of Professional Conduct.

54 SECTION 7. Clause (i) of paragraph (2) of subsection (b) of section 87B ½ of chapter  
55 112 of the General Laws, as so appearing, is hereby amended by striking out, in lines 43-44, the  
56 words:- “as its managing partner or agent”

57 SECTION 8. Clause (iii) of paragraph (2) of subsection (b) of said section 87B ½ of said  
58 chapter 112, as so appearing, is hereby amended by striking out, in lines 49-50, the words:- “on  
59 financial statements”

60 SECTION 9. Said Section 87B ½ of said chapter 112, as so appearing, is hereby  
61 amended by striking out subsection (c) and inserting in place thereof the following subsection:-

62 (c) An applicant for initial issuance or renewal of a permit to practice under this section  
63 shall be required to register each office of a firm within the commonwealth with the board and  
64 show that all attest and compilation services rendered in this commonwealth are under the charge  
65 of a person holding a valid license to practice issued under section 87B or the corresponding  
66 provision of prior law or some other state.

67 SECTION 10. Said Section 87B 1/2 of said chapter 112 of the General Laws, as so  
68 appearing, is hereby amended by inserting the following subsection:-

69 (k) The board shall issue a license to a firm that holds a certificate issued by another state  
70 upon showing that:

71 (1) the firm holds a valid license from a U.S. jurisdiction;

72 (2) the firm complies with the firm ownership and peer review requirements pursuant to  
73 this chapter at the time the application is made.

74           SECTION 11. Subsection (a) of section 87D of chapter 112 of the General Laws, as so  
75 appearing, is hereby amended by striking out, in line 3, the words “on financial statements”.