

By the Committee on Regulated Industries and Senators Latvala and Horne

315-1821A-98

1 A bill to be entitled
2 An act relating to public accountancy; amending
3 s. 473.302, F.S.; providing definitions;
4 amending s. 473.303, F.S.; revising provisions
5 relating to membership on probable cause panels
6 of the Board of Accountancy; amending s.
7 473.306, F.S.; providing conditions under which
8 the board may adopt an alternative licensure
9 examination for persons licensed to practice
10 public accountancy or its equivalent in a
11 foreign country; providing for appointment of
12 an Educational Advisory Committee for purposes
13 of maintaining proper educational
14 qualifications for licensure of certified
15 public accountants; amending s. 473.308, F.S.;
16 revising licensure requirements relating to
17 public accountancy experience outside this
18 state; amending s. 473.309, F.S.; providing
19 additional requirements for a partnership,
20 corporation, or limited liability company to
21 practice public accountancy in this state;
22 amending s. 473.3101, F.S.; providing
23 requirements for the licensure of sole
24 proprietors and other legal entities; amending
25 s. 473.312, F.S.; providing for appointment of
26 a Continuing Professional Education Advisory
27 Committee for purposes of maintaining proper
28 continuing education requirements for renewal
29 of licensure of certified public accountants;
30 amending s. 473.313, F.S.; providing continuing
31 education requirements for the reactivation of

1 certain licenses; amending s. 473.315, F.S.;
2 providing an exemption for attorneys; amending
3 ss. 473.319, 473.3205, F.S.; revising
4 provisions relating to contingency fees,
5 commissions, and referral fees; amending s.
6 473.322, F.S.; providing certain requirements
7 for persons offering certain public accounting
8 services; providing an effective date.

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10 Be It Enacted by the Legislature of the State of Florida:

11
12 Section 1. Section 473.302, Florida Statutes, is
13 amended to read:

14 473.302 Definitions.--As used in this chapter, the
15 term:

16 (1) "Board" means the Board of Accountancy.

17 (2) "Department" means the Department of Business and
18 Professional Regulation.

19 (3) "Division" means the Division of Certified Public
20 Accounting.

21 (4) "Certified public accountant" means a person who
22 holds a license to practice public accounting in this state
23 under the authority of this chapter.

24 (5) "Firm" means any entity that is engaged in the
25 practice of public accounting.

26 (6) "Licensed audit firm" or "public accounting firm"
27 means a firm licensed under s. 473.3101.

28 (7)~~(5)~~ "Practice of," "practicing public accountancy,"
29 or "public accounting" means:

30 (a) Offering to perform or performing for the public
31 one or more types of services involving the expression of an

1 opinion on financial statements, the attestation as an expert
2 in accountancy to the reliability or fairness of presentation
3 of financial information, the utilization of any form of
4 opinion or financial statements that provide a level of
5 assurance, the utilization of any form of disclaimer of
6 opinion which conveys an assurance of reliability as to
7 matters not specifically disclaimed, the expression of an
8 opinion on the reliability of an assertion by one party for
9 the use by a third party; ~~or the preparation of financial~~
10 ~~statements by a certified public accountant, a firm of~~
11 ~~certified public accountants, or a firm in which a certified~~
12 ~~public accountant has an ownership interest, including the~~
13 ~~performance of such services in the employ of another person;~~
14 or

15 (b) Offering to perform or performing for the public
16 one or more types of services involving the use of accounting
17 skills, or one or more types of tax, management advisory, or
18 consulting services, by any person who is holding herself or
19 himself or itself out as a certified public accountant who
20 holds an active license ~~or a firm of certified public~~
21 ~~accountants~~, including the performance of such services by a
22 certified public accountant in the employ of a person ~~so~~
23 ~~holding herself or firm; or himself or itself out.~~

24 (c) Offering to perform or performing for the public
25 one or more types of service involving the preparation of
26 financial statements not included within s. 473.302(7)(a), by
27 a certified public accountant who holds an active license, a
28 firm of certified public accountants, or a firm in which a
29 certified public accountant has an ownership interest,
30 including the performance of such services in the employ of
31 another person. The board shall adopt rules establishing

1 standards of practice for such reports and financial
2 statements, provided, however, that nothing in this paragraph
3 shall be construed to permit the board to adopt rules that
4 have the result of prohibiting licensees employed by
5 unlicensed firms from preparing financial statements as
6 authorized by this paragraph.

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8 However, these terms shall not include services provided by
9 the American Institute of Certified Public Accountants or the
10 Florida Institute of Certified Public Accountants, or any full
11 service association of certified public accounting firms whose
12 plans of administration have been approved by the board, to
13 their members or services performed by these entities in
14 reviewing the services provided to the public by members of
15 these entities.

16 ~~(6) "Holding out" means advertising, as a part of a~~
17 ~~licensee's business activities, that the licensee is a~~
18 ~~certified public accountant when providing, or offering to~~
19 ~~provide, services or products to the public which involve the~~
20 ~~use of accounting skills or one or more types of management~~
21 ~~advisory or consulting services.~~

22 Section 2. Subsection (2) of section 473.303, Florida
23 Statutes, is amended to read:

24 473.303 Board of Accountancy.--

25 (2) ~~Notwithstanding the provisions of s. 455.225(4),~~
26 The probable cause panel of the board may be composed of at
27 least one board member who shall serve as chair and additional
28 board members or ~~one past members member~~ of the board who are
29 licensees ~~is a licensee~~ in good standing. The past board
30 members member shall be appointed to the panel for a maximum
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1 of 2 years by the chair of the board with the approval of the
2 secretary of the department.

3 Section 3. Subsection (5) of section 473.306, Florida
4 Statutes, is amended, and subsection (6) is added to that
5 section, to read:

6 473.306 Examinations.--

7 (5) The board may adopt an alternative licensure
8 examination for persons who have been licensed to practice
9 public accountancy or its equivalent in a foreign country so
10 long as the International Qualifications Appraisal Board of
11 the National Association of State Boards of Accountancy has
12 ratified an agreement with that country for reciprocal
13 licensure ~~Canadian chartered accountants who have completed~~
14 ~~the Canadian chartered accountant licensure examination and~~
15 ~~hold a chartered accountant license from a Canadian province.~~

16 (6) For the purposes of maintaining the proper
17 educational qualifications for licensure under this chapter,
18 the board may appoint an Educational Advisory Committee, which
19 shall be composed of one member of the board, two persons in
20 public practice who are licensed under this chapter, and four
21 academicians on faculties of universities in this state.

22 Section 4. Paragraph (a) of subsection (3) and
23 subsection (4) of section 473.308, Florida Statutes, are
24 amended to read:

25 473.308 Licensure.--

26 (3) The board shall certify as qualified for a license
27 by endorsement an applicant who:

28 (a)1. Is not licensed and has not been licensed in
29 another state or territory and who qualifies to take the
30 examination as set forth in s. 473.306, who has passed a
31 national, regional, state, or territorial licensing

1 examination which is substantially equivalent to the
2 examination required by s. 473.306, and who has satisfied the
3 experience requirements set forth in s. 473.307; and

4 2. Has completed such continuing education courses as
5 the board deems appropriate, within the limits for each
6 applicable 2-year period as set forth in s. 473.312, but at
7 least such courses as are equivalent to the continuing
8 education requirements for a licensee in this state during the
9 2 years immediately preceding her or his application for
10 licensure by endorsement; or

11 (4) If application for licensure is made prior to
12 August 1, 2000, and the applicant has 5 years of experience in
13 the practice of public accountancy, ~~either~~ in the United
14 States or in the practice of public accountancy or its
15 equivalent in a foreign country that the International
16 Qualifications Appraisal Board of the National Association of
17 State Boards of Accountancy has determined has licensure
18 standards that are substantially equivalent to those in the
19 United States ~~as a licensed chartered accountant in Canada,~~
20 the board shall waive the requirements of s. 473.306(2)(b)2.
21 that are in excess of a baccalaureate degree. All experience
22 that is used as a basis for waiving said requirements of s.
23 473.306(2)(b)2. must be experience outside this state.
24 Furthermore, said experience must be after licensure as a
25 certified public accountant by another state or territory of
26 the United States or after licensure in the practice of public
27 accountancy or its equivalent in a foreign country that the
28 International Qualifications Appraisal Board of the National
29 Association of State Boards of Accountancy has determined has
30 licensure standards that are substantially equivalent to those
31 in the United States. The board shall have the authority to

1 establish the standards for experience that meet this
2 requirement.

3 Section 5. Section 473.309, Florida Statutes, is
4 amended to read:

5 473.309 Practice requirements for partnerships,
6 corporations, and limited liability companies; business
7 entities practicing public accounting.--

8 (1) A partnership may not engage in the practice of
9 public accounting, as defined in s. 473.302(7)(a), ~~in this~~
10 ~~state~~ unless:

11 (a) It is a form of partnership recognized by Florida
12 law.

13 (b) Partners owning at least two-thirds of the
14 financial interest and voting rights of the partnership are
15 certified public accountants in some state. However, each
16 partner who is a certified public accountant in another state
17 and is domiciled in this state must be a certified public
18 accountant of this state and hold an active license.

19 (c) At least one general partner is a certified public
20 accountant of this state and holds an active license.

21 (d) All ~~noncertified public accountant~~ partners who
22 are not certified public accountants in any state are engaged
23 in the business of the partnership as their principal
24 occupation.

25 (e) It is in compliance with rules adopted by the
26 board pertaining to minimum capitalization, letters of credit,
27 and adequate public liability insurance.

28 (f) It is currently licensed as required by s.
29 473.3101.

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1 (2) A corporation may not engage in the practice of
2 public accounting, as defined in s. 473.302(7)(a),~~in this~~
3 ~~state~~ unless:

4 (a) It is a corporation duly organized in this or some
5 other state.

6 (b) Shareholders of the corporation owning at least
7 two-thirds of the financial interest and voting rights of the
8 corporation are certified public accountants in some state and
9 are principally engaged in the business of the corporation.

10 However, each shareholder who is a certified public accountant
11 in another state and is domiciled in this state must be a
12 certified public accountant of this state and hold an active
13 license.

14 (c) The principal officer of the corporation is a
15 certified public accountant in some state.

16 (d) At least one shareholder of the corporation is a
17 certified public accountant and holds an active license in
18 this state.

19 (e) All ~~noncertified public accountant~~ shareholders
20 who are not certified public accountants in any state are
21 engaged in the business of the corporation as their principal
22 occupation.

23 (f) It is in compliance with rules adopted by the
24 board pertaining to minimum capitalization, letters of credit,
25 and adequate public liability insurance.

26 (g) It is currently licensed as required by s.
27 473.3101.

28 (3) A limited liability company may not engage in the
29 practice of public accounting, as defined in s. 473.302(7)(a),
30 ~~in this state~~ unless:

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1 (a) It is a limited liability company duly organized
2 in this or some other state.

3 (b) Members of the limited liability company owning at
4 least two-thirds of the financial interest and voting rights
5 of the company are certified public accountants in some state.
6 However, each member who is a certified public accountant in
7 some state and is domiciled in this state must be a certified
8 public accountant of this state and hold an active license.

9 (c) At least one member of the limited liability
10 company is a certified public accountant and holds an active
11 license in this state.

12 (d) All ~~noncertified public accountant~~ members who are
13 not certified public accountants in any state are engaged in
14 the business of the company as their principal occupation.

15 (e) It is in compliance with rules adopted by the
16 board pertaining to minimum capitalization, letters of credit,
17 and adequate public liability insurance.

18 (f) It is currently licensed as required by s.
19 473.3101.

20 (4) A partnership, corporation, limited liability
21 company, or any other business entity is engaged in the
22 practice of public accounting if its employees are engaged in
23 the practice of public accounting. Notwithstanding any other
24 provision of law, a licensed audit firm may own all or part of
25 another licensed audit firm.

26 Section 6. Section 473.3101, Florida Statutes, is
27 amended to read:

28 473.3101 Licensure of sole proprietors, partnerships,
29 corporations, and limited liability companies, and other legal
30 entities.--

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1 (1) Each sole proprietor, partnership, corporation, or
2 limited liability company, or any other legal entity seeking
3 to engage in the practice of public accounting, as defined in
4 s. 473.302(7)(a), in this state must file an application for
5 licensure with the department and supply the information the
6 board requires. An application must be made upon the affidavit
7 of a sole proprietor, general partner, shareholder, or member
8 who is a certified public accountant.

9 (2) The board shall determine whether the sole
10 proprietor, partnership, corporation, or limited liability
11 company, or any other legal entity meets the requirements for
12 practice and, pending that determination, may certify to the
13 department the partnership, corporation, or limited liability
14 company for provisional licensure.

15 (3) Each license must be renewed every 2 years. Each
16 sole proprietor, partnership, corporation, or limited
17 liability company, or any other legal entity licensed under
18 this section must notify the department within 1 month after
19 any change in the information contained in the application on
20 which its license is based.

21 Section 7. Section 473.312, Florida Statutes, is
22 amended to read:

23 473.312 Continuing education.--

24 (1)(a) As part of the license renewal procedure, the
25 board shall by rule require licensees to submit proof
26 satisfactory to the board that during the 2 years prior to
27 application for renewal, they have successfully completed not
28 less than 48 or more than 80 classroom hours of continuing
29 professional education programs in public accounting subjects
30 approved by the board. The board may prescribe by rule
31 additional continuing professional education hours, not to

1 exceed 25 percent of the total hours required, for failure to
2 complete the hours required for renewal by the end of the
3 reestablishment period.

4 (b)~~(1)~~ Not less than 25 percent of the total hours
5 required by the board shall be in accounting-related and
6 auditing-related subjects, as distinguished from federal and
7 local taxation matters and management services.

8 (2) Programs of continuing professional education
9 approved by the board shall be formal programs of learning
10 which contribute directly to the professional competency of an
11 individual following licensure to practice public accounting
12 and may be any of the following:

13 (a) Professional development programs of the American
14 Institute of Certified Public Accountants, state societies of
15 certified public accountants, or other organizations.

16 (b) Technical sessions at meetings of the American
17 Institute of Certified Public Accountants, state societies,
18 chapters, or other organizations.

19 (c) University and college courses.

20 (d) Formal organized in-firm education programs.

21 (3) The board shall adopt rules establishing the
22 continuing education requirements for licensees who are
23 engaged in the audit of a governmental entity. The board shall
24 approve subjects directly related to the governmental
25 environment and to governmental auditing for purposes of
26 satisfying the requirement of this subsection.

27 (4) For the purposes of maintaining proper continuing
28 education requirements for renewal of licensure under this
29 chapter, the board may appoint a Continuing Professional
30 Education Advisory Committee, which shall be composed of one
31 member of the board, one academician on the faculty of a

1 university in this state, and six certified public
2 accountants.

3 Section 8. Section 473.313, Florida Statutes, is
4 amended to read:

5 473.313 Inactive status.--

6 (1) A licensee may request that her or his license be
7 placed in an inactive status by making application to the
8 department. The board may prescribe by rule fees for placing
9 a license on inactive status, renewal of inactive status, and
10 reactivation of an inactive license.

11 (2) A license that has become inactive may be
12 reactivated under s. 473.311 upon application to the
13 department. The board may prescribe by rule continuing
14 education requirements as a condition of reactivating a
15 license. The minimum continuing education requirements for
16 reactivating a license shall be those of the most recent
17 biennium plus one-half of the requirements in s. 473.312 for
18 each year or part thereof during which the license was
19 inactive. Notwithstanding any other provision of this section
20 the continuing education requirements are 120 hours, including
21 at least 30 hours in accounting-related and auditing-related
22 subjects and not more than 30 hours in behavioral subjects,
23 for the reactivation of a license that is inactive on June 30,
24 1998, if the licensee notifies the Board of Accountancy by
25 December 31, 1998, of an intention to reactivate such a
26 license and completes such reactivation by June 30, 2000.

27 (3) Any licensee holding an inactive license may be
28 permitted to reactivate such license in a conditional manner.
29 The conditions of reactivation shall require, in addition to
30 the payment of fees, the passing of the examination approved
31 by the board concerning chapters 455 and 473, and the related

1 administrative rules, and the completion of required
2 continuing education.

3 Section 9. Subsection (4) is added to section 473.315,
4 Florida Statutes, to read:

5 473.315 Independence, technical standards.--

6 (4) Attorneys who are admitted to practice law by the
7 Supreme Court of Florida are exempt from the standards of
8 practice of public accounting as defined in s. 473.302(7)(b)
9 and (c) when such standards conflict with the rules of The
10 Florida Bar or orders of the Florida Supreme Court.

11 Section 10. Section 473.319, Florida Statutes, is
12 amended to read:

13 473.319 Contingent fees.--Public accounting services
14 as defined in s. 473.302(7)(a) and (c)~~s. 473.302(5)(a)~~, and
15 those that include tax filings with federal, state, or local
16 government, shall not be offered or rendered for a fee
17 contingent upon the findings or results of such service. This
18 section does not apply to services involving federal, state,
19 or other taxes in which the findings are those of the tax
20 authorities and not those of the licensee. Fees to be fixed
21 by courts or other public authorities, which are of an
22 indeterminate amount at the time a public accounting service
23 is undertaken, shall not be regarded as contingent fees for
24 purposes of this section.

25 Section 11. Section 473.3205, Florida Statutes, is
26 amended to read:

27 473.3205 Commissions or referral fees.--A licensee may
28 not accept or pay a commission or referral fee in connection
29 with the sale or referral of public accounting services as
30 defined in s. 473.302(7)(a) and (c)~~s. 473.302(5)(a)~~. Any
31 certified public accountant or business entity that is engaged

1 in the practice of public accounting and that accepts a
2 commission for the sale of a product or service to a client
3 must disclose that fact to the client in writing in accordance
4 with rules adopted by the board. However, this section shall
5 not prohibit:

6 (1) Payments for the purchase of an accounting
7 practice;

8 (2) Retirement payments to individuals formerly
9 engaged in the practice of public accounting or payments to
10 their heirs or estates; or

11 (3) Payment of fees to a referring licensee for public
12 accounting services to either the successor licensee or the
13 client in connection with an engagement.

14 Section 12. Section 473.322, Florida Statutes, is
15 amended to read:

16 473.322 Prohibitions; penalties.--

17 (1) A person may not knowingly:

18 (a) Practice public accounting unless the person is a
19 certified public accountant or a public accountant;

20 (b) Assume or use the titles or designations
21 "certified public accountant" or "public accountant" or the
22 abbreviation "C.P.A." or any other title, designation, words,
23 letters, abbreviations, sign, card, or device tending to
24 indicate that the person holds an active license under this
25 chapter, unless the person holds an active license under this
26 chapter;

27 (c) Perform or offer to perform any services described
28 in s. 473.302(7)(a)~~Attest as an expert in accountancy to the~~
29 ~~reliability or fairness of presentation of financial~~
30 ~~information or utilize any form of disclaimer of opinion that~~
31 ~~is intended or conventionally understood to convey an~~

1 ~~assurance of reliability as to matters not specifically~~
2 ~~disclaimed~~ unless such person holds an active license under
3 this chapter and is a licensed audit firm or provides such
4 services through a licensed audit firm. This paragraph does
5 not prohibit the performance by persons other than certified
6 public accountants of other services involving the use of
7 accounting skills, including the preparation of tax returns
8 and the preparation of financial statements without expression
9 of opinion thereon;

10 (d) Present as her or his own the license of another;

11 (e) Give false or forged evidence to the board or a
12 member thereof;

13 (f) Use or attempt to use a public accounting license
14 that has been suspended, revoked, or placed on inactive or
15 delinquent status;

16 (g) Employ unlicensed persons to practice public
17 accounting; or

18 (h) Conceal information relative to violations of this
19 chapter.

20 (2) Any person who violates any provision of this
21 section commits a misdemeanor of the first degree, punishable
22 as provided in s. 775.082 or s. 775.083.

23 Section 13. This act shall take effect October 1 of
24 the year in which enacted.

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STATEMENT OF SUBSTANTIAL CHANGES CONTAINED IN
COMMITTEE SUBSTITUTE FOR
SB 1508

Clarifies the ability of a licensed CPA working for a nonlicensed firm to prepare financial statements that do not involve assurances of reliability. Requires the board to establish standards for these financial statements.

Clarifies the content of the coursework required to meet the 120 hour continuing education requirement for reactivation and allows for conditional status pending meeting reactivation requirements.

Exempts attorneys from complying with accounting standards that conflict with Florida Bar rules.