Bill as Introduced

SB 457 - AS INTRODUCED

2000 SESSION

00-2800
10/01

SENATE BILL ***457***

AN ACT relative to ownership of certified public accounting firms.

SPONSORS: Sen. Johnson, Dist 3; Sen. D'Allesandro, Dist 20; Rep. Chandler, Carr 1; Rep. Buckley, Hills 44

COMMITTEE: Executive Departments and Administration

ANALYSIS

This bill changes the ownership requirements for certified public accounting firms.

Explanation: Matter added to current law appears in ***bold italics.***
Matter removed from current law appears [~~in brackets and struckthrough.~~]
Matter which is either (a) all new or (b) repealed and reenacted appears in regular type.

00-2800
10/01

STATE OF NEW HAMPSHIRE

In the Year of Our Lord Two Thousand

AN ACT relative to ownership of certified public accounting firms.

Be it Enacted by the Senate and House of Representatives in General Court convened:

1 Firm Permits to Practice; Attest Experience and Peer Review. Amend RSA 309-B:8, III(a) to read as follows:

(a) Notwithstanding any other provision of law, a [~~2/3~~] ***51 percent*** majority of the ownership of the firm, in terms of financial interests and voting rights of all partners, officers, shareholders, members or managers, belongs to holders of a certificate who are licensed in some state of the United States and such partners, officers, shareholders, members, or managers, whose principal place of business is in this state, and who perform professional services in this state, hold a valid certificate issued under RSA 309-B:5 or the corresponding provisions of prior law or are public accountants licensed under RSA 309-B:9. Firms may include non-licensee owners but the firm and its ownership shall comply with rules adopted by the board. For firms of public accountants, at least a [~~2/3~~] ***51 percent*** majority of the ownership of the firm, in terms of financial interests and voting rights, shall belong to holders of registration under RSA 309-B:9.

2 Effective Date. This act shall take effect 60 days after its passage.

Speakers

SIGN UP SHEET

To Register Opinion If Not Speaking

Bill # SB 457 Date May 9, 2000

Committee ED+A

**** Please Print All Information ****

Name	Address	Phone	Representing	(check one) Pro	Con
Sen. D'Allesandro	District 20			✓	

Hearing Minutes

HOUSE COMMITTEE ON EXECUTIVE DEPARTMENTS AND ADMINISTRATION

PUBLIC HEARING ON SB 457

BILL TITLE: relative to ownership of certified public accounting firms.

DATE: May 9, 2000

LOB ROOM: 202 **Time Public Hearing Called to Order:** 10:05 AM

Time Adjourned: 11:20 AM

(please circle if present)

Committee Members: Reps. Mercer, Goulet, Dyer, Langer, Holley, B. Moore, Dickinson, Stickney, Sapareto, Hamel, Millham, O'Neil, Poulin, Zolla, Murphy, Reidy, Virtue, Batchelder, Burkush, Courchesne, Landers and Lent.

Bill Sponsors: Sen. Johnson, Dist 3: Sen. D'Allesandro, Dist 20; Rep. Chandler, Carr 1; Rep. Buckley, Hills 44

TESTIMONY

* Use asterisk if written testimony and/or amendments are submitted.

Sen. Johnson, sponsor. Permits non-CPA up to 49% instead of 33%. Any ownership position helps the firm to furnish the expertise that is required. This body passed a law to permit non-licensed to exercise a position in that firm last year. Still under the rules of the Accountancy Board, current law regulates this position. Sen. Johnson said he had a copy of his testimony for the committee, but did not give it to us.
*Rep. Chandler, co sponsor. Supports bill. Now firms can not have non-CPA's to become members of the firm? Only in 1/3 part of firm. Talked about CAP who owned and died and gave part of business to a non-CPA relative? Would only become member of 1/3rd of firm and could loose representation in contribution interest.
Rep. Herman supports bill. A CPA firm must be owned by 66 2/3 CPA. A public accounting firm must be owned by 66 2/3 public accountants. This bill has no affect on others who are not licensed as CPA's or public accountants.
Ralph Jenkins, representing Ernst and Young. Two Wall St., Manchester. Supports bill. Two board of accountancy has reviewed this subject. All owners must be active members of the firm. Must be controlled by CPA's. A lot of CAP's must have specialized needs in the various special fields. Permits non-CPA's ownership in its best interest. NH Board of Accountancy has responsibility. 33% puts experts at a disadvantage?
Bruce Berke, representing Accounting Coalition. 136 No. Main St., Concord. Supports bill. Involved in uniformity accountancy act last year. He answered some questions that had been projected.

Respectfully submitted,

Rep. Ray Langer, Clerk

Testimony

GENE G. CHANDLER
Majority Leader

STATE OF NEW HAMPSHIRE
HOUSE OF REPRESENTATIVES

Testimony of Representative Gene Chandler
Carroll, District 1

Senate Bill 157
Relative to ownership of certified public accounting firms
May 9, 2000
House Executive Departments & Administration Committee

Thank you Mr. Chairman and Members of the Committee:

My name is Gene Chandler, representative from Carroll County, District 1.

As a co-sponsor of SB 457, I am in support of this legislation for many of the reasons cited by Senator Johnson, therefore, I will restrict my remarks to the issues of small firms or practices, and consumer protection.

Consumer Protection
With respect to consumer protection for the public, this bill does not weaken our state's strong statutory and regulatory oversight of the accounting profession. In fact, this bill and last year's passage of the law permitting non-CPA ownership of a CPA firm, offers the public greater protections.

- In the past when non-CPA services were necessary for a client, a CPA would have to look outside the firm to provide that service. When a CPA went outside of the firm's structure, that CPA went outside the jurisdiction of NH's Board of Accountancy. Today, that service may be offered be a CPA firm and thus subject to that firm's license as issued by the NH Board of Accountancy. That is more protection for the consumer.

NH's statutory and regulatory structure ensures that CPA's are properly licensed and act within our state's legal and ethical standards.

State House • Concord, New Hampshire 03301-4988 • Telephone: (603) 271-3661 • FAX: (603) 271-3309
TDD Access: Relay NH 1-800-735-2964

- A license is a license and CPA's conducting business in NH must adhere to the laws and rules governing that license or subject themselves to discipline of the Board of Accountancy.
- There is no reason to believe that a CPA associating with a non-CPA will lead to unethical decisions or ownership.

SMALL FIRMS v. LARGE FIRMS

SB 457 will have no impact on whether a large CPA firm may be permitted to purchase a smaller CPA firm.

- Current law permits a CPA firm to acquire or merge with another CPA firm. Therefore, there is no advantage for a larger CPA firm should this bill pass into law.

- Also, a large out of state business may not purchase shares of a NH firm. The non-CPA ownership must be by individuals who are active in the firm. This is current law. This bill will also require that a majority of a CPA firms' ownership remain with CPA's licensed in NH.

- Small firms will benefit from a 51-49 ownership standard as they seed to offer equity to non-CPA's. The smaller the firm, the faster that firm will reach the current one-third ceiling and perhaps a bar from expanding the scope of services for its client base. Large, multi-state firms are supportive of this legislation for purposes of uniformity from state to state.

Voting Sheets

HOUSE COMMITTEE ON EXECUTIVE DEPARTMENTS AND ADMINISTRATION

EXECUTIVE SESSION on SB 457

BILL TITLE: **relative to ownership of certified public accounting firms.**

DATE: May 9, 2000

LOB ROOM: 202

Amendments:

Sponsor: Rep. OLS Document #:

Sponsor: Rep. OLS Document #:

Sponsor: Rep. OLS Document #:

Motions: (OTP) OTP/A, ITL, Re-Refer, Interim Study (Please circle one.)

Moved by Rep. O'Neil

Seconded by Rep. Zoll

Vote: 13-1 (Please attach record of roll call vote.)

Motions: OTP, OTP/A, ITL, Re-Refer, Interim Study (Please circle one.)

Moved by Rep.

Seconded by Rep.

Vote: (Please attach record of roll call vote.)

CONSENT CALENDAR VOTE: 14-0

(Vote to place on Consent Calendar must be unanimous.)

Statement of Intent: Refer to Committee Report

Respectfully submitted,

Rep. Ray F. Langer, Clerk

EXECUTIVE DEPARTMENTS AND ADMINISTRATION

Bill #: SB457 Title: _____

PH Date: ___/___/___ Exec Session Date: 5/9/00

Motion: OTP Amendment #: ———

MEMBER	YEAS	NAYS
Mercer, Robert S, Chairman		
Goulet, Maurice E, V Chairman		
Dyer, Merton S		
Langer, Ray F, Clerk	1	
Holley, Sylvia A	2	
Moore, Benjamin E	3	
Dickinson, Howard C	4	
Stickney, Nancy C	5	
Sapareto, Frank V		
Hamel, Albert W	6	
Millham, Alida I	7	
O'Neil, Michael	8	
Poulin, Dave G	9	
Zolla, William R	10	
Murphy, Robert E	11	
Reidy, Frank J	12	
Virtue, Carolyn A	13	
Batchelder, Robert C		
Burkush, James A		
Courchesne, Judy A		
Landers, Dana L		
Lent, Donald R		1
	13	1

TOTAL VOTE:
Printed: 12/30/1999

Committee Report

COMMITTEE REPORT

COMMITTEE: **Executive Departments and Administration**

BILL NUMBER: **SB 457**

TITLE: relative to ownership of certified public accounting firms.

DATE: May 9, 2000 CONSENT CALENDAR YES ☒ NO ☐

☒ OUGHT TO PASS

☐ OUGHT TO PASS WITH AMENDMENT

☐ INEXPEDIENT TO LEGISLATE

☐ RE-REFER

☐ REFER TO COMMITTEE FOR INTERIM STUDY
(Available only in second year of biennium.)

STATEMENT OF INTENT
(Include Committee Vote)

SB 457 changes the ownership requirements for firms of certified public accountants and public accountants from 66 2/3 percent to 51 percent. The bill maintains majority ownership be held by a licensee, but allows more flexibility for firms wishing to retain non-CPA employees. All actions of the firms will still be subject to the laws and rules of the board of accountancy.

Vote 13-1.

Rep. Carolyn A. Virtue
FOR THE COMMITTEE

Original: House Clerk
cc: Committee Bill file

USE ANOTHER REPORT FOR MINORITY REPORT

CONSENT CALENDAR

Executive Departments and Administration

SB 457, relative to ownership of certified public accounting firms. OUGHT TO PASS

Rep. Carolyn A. Virtue for Executive Departments and Administration: SB 457 changes the ownership requirements for firms of certified public accountants and public accountants from 66 2/3 percent to 51 percent. The bill maintains majority ownership be held by a licensee, but allows more flexibility for firms wishing to retain non-CPA employees. All actions of the firms will still be subject to the laws and rules of the board of accountancy. Vote 13-1.

O.T.P. Carolyn A. Virden
FOR the MAJORITY

SB 457 changes the ownership requirements for firms of certified public accountants and public accountants from 66 2/3 percent to 51 percent. The bill maintains majority ownership be held by a licensee, but allows ~~firms~~ more flexibility for firms wishing to retain non-CPA employees. All actions of the firms will still be subject to the laws and rules of the Board of Accountancy.

SB457 Docket

Next|Previous|Results List|Bill Status|Main

Bill Title: relative to ownership of certified public accounting firms.

Date	Body	Description
2/17/2000	S	Introduced and Ref. to Executive Departments and Administration, SJ 4, [See Perm. Journal]
3/9/2000	S	Hearing March 28, Room 101, LOB, 1:00 p.m.; SC16
4/4/2000	S	Committee Report Ought to Pass; 4/6/2000, SC21
4/6/2000	S	Ought to Pass, MA,VV; Sen. McCarley Moved Laid on Table, MA, VV; SJ 9, Pg.272
5/3/2000	S	Sen. Johnson Moved Remove From Table, MA, VV; Ought to Pass, MA, VV; OT3rdg, MA, VV
5/3/2000	S	SJ 13, Pg.347-348
5/4/2000	H	Introduced and ref to Exec Depts & Admin; HJ45, p1360
5/4/2000	H	Copy to Chairman on 5/4/2000
5/4/2000	H	Hearing May 9 10:00 RM202,LOB
5/9/2000	H	Maj Report OTP for May 17 (vote 13-1;CC)
5/17/2000	H	Removed from Consent Cal, req Rep Rosenfield; HJ45, p1366
5/17/2000	H	OTP, ML VV; Ref to Exec Depts & Admin for Interim Study, Rep Goulet MA VV; HJ45, p1428
9/20/2000	H	Int Study Subcom Work Session Sep 28 1:00 RM205,LOB

Next|Previous|Results List|Bill Status|Main

INTERIM STUDY
COMMITTEE REPORT

COMMITTEE: EXECUTIVE DEPARTMENTS & ADMINISTRATION

BILL NUMBER: SB 457

TITLE: relative to ownership of certified public accounting firms.

DATE: 24 OCTOBER 2000

☒ **RECOMMENDED FOR FUTURE LEGISLATION**

LSR No._____ **(If legislation is already filed, please list LSR no.)**

☐ **NOT RECOMMENDED FOR FUTURE LEGISLATION**

STATEMENT OF INTENT:

This bill was sent to Interim study to provide an opportunity for the Board of Accounting to address the issues presented in this bill. Regrettably the Board never showed during the study meetings. It was decided that further legislation would provide the Board the opportunity to provide input to the issue of CPA company ownership.

COMMITTEE VOTE: 9-4

PLEASE NOTE:
- Reports are due **November 1, 2000**, at the House Clerk's Office with the committee voting sheet attached.
- Place a copy of the committee report and all subcommittee work documents in bill file.

Rep. Maurice E. Goulet
For the Committee

Rev. 6/5/00

INTERIM STUDY
COMMITTEE REPORT

Goulet

COMMITTEE: ED+A

BILL NUMBER: SB457

TITLE:

DATE: 10-24-00

☒ **RECOMMENDED FOR FUTURE LEGISLATION**

LSR No._____ **(If legislation is already filed, please list LSR no.)**

☐ **NOT RECOMMENDED FOR FUTURE LEGISLATION**

STATEMENT OF INTENT: (May be handwritten)

COMMITTEE VOTE: 9-4 (Attach Committee Voting Sheet)

PLEASE NOTE:

- Reports are due **November 1, 2000**, at the House Clerk's Office with the committee voting sheet attached.
- Place a copy of the committee report and all subcommittee work documents in bill file.

Rep. _____
For the Committee

Rev. 6/5/00

Interim Study Report SB 457 OK RSM

Recommended for future legislation

Vote: 8-4

This Bill was sent to Interim Study to provide an opportunity for the Board of Accountancy to address the issues presented in this Bill. Regrettably the Board never showed during the Study meeting. It was decided that future legislation would provide the Board the opportunity to provide input to the issue of CPA Company ownership.

Maurice E Foutz

EXECUTIVE DEPARTMENTS AND ADMINISTRATION

Bill #: SB 457 Title: _____

PH Date: 10/24/00 Exec Session Date: ___/___/___

Motion: Recommend Amendment #: _____

MEMBER	YEAS	NAYS
Mercer, Robert S, Chairman	1	
Goulet, Maurice E, V Chairman		
Dyer, Merton S	2	
Langer, Ray F, Clerk	3	
Holley, Sylvia A		1
Moore, Benjamin E	1	2
Dickinson, Howard C		3
Stickney, Nancy C		
Sapareto, Frank V		
Hamel, Albert W		
Millham, Alida I		
O'Neil, Michael		
Poulin, Dave G		
Zolla, William R		
Murphy, Robert E	4	
Reidy, Frank J	5	
Virtue, Carolyn A	6	
Batchelder, Robert C		4
Burkush, James A	7	
Courchesne, Judy A		
Landers, Dana L	8	
Lent, Donald R	9	
	9	4

TOTAL VOTE:
Printed: 12/30/1999