

Testimony In Support Of SB 278

This bill represents an effort by the Montana Society of Certified Public Accountants (MSCPA) to simplify the licensing procedures for out-of-state CPAs. In addition to this proposal in Montana, many other states are moving make it easier for CPAs to practice across state lines as long as the requirements in both states are substantially equivalent. To be substantial equivalent to Montana, a state must require 150 semester hours of education, passage of the Uniform CPA Exam, and one year of experience.

SB 278 was amended by Senator Balyeat on the Senate floor. MSCPA did not oppose the Balyeat amendments on the Senate side because there was not enough time for the Society's Task Force on Substantial Equivalency to consider the amendments. During the transmittal break, the Society's Task Force and its Legislative Committee reviewed the amendments and now oppose those amendments. MSCPA respectfully requests the committee to adopt Senator Black's proposed amendment which strips the Balyeat amendments.

The Balyeat amendments do two things. First, they allow an out-of-state CPA to practice in the State of Montana without a license upon a simple notice to the Montana Board of Public Accountancy. The problem with this amendment is it does not require a license. The primary disciplinary tool of all professional licensing boards is the ability to revoke, suspend or condition a person's license. The Montana Society of CPAs supports a simplified licensing procedure for out-of-state CPAs, but those out-of-state CPAs must be subject to the same rules and discipline procedures as Montana CPAs to ensure the protection of the public.

The Balyeat amendments also provide special exemptions for out-of-state CPAs who prepare tax returns for Montana clients without physically entering the State of Montana. These CPAs would not even need to notify the State of Montana concerning their practice for Montana clients.

Two arguments were made for this portion of the amendments. First, it was argued that non-CPA tax preparers do not need a license. While this is true, tax preparers such as H&R Block do not hold themselves out as CPAs. Once a tax preparer claims to have the skilled expertise of a CPA, they must be licensed by the Board of Public Accountancy. This requirement protects those Montanans who specifically hire a CPA to address their complicated tax situations. It is the claim of expertise as a CPA, not the type of services performed, which triggers the requirement for a license.

It was also argued that a person who does not physically come into the state should not be required to obtain a Montana license. Regardless of whether these CPAs actually enter the state, they are holding themselves out to Montanans as skilled CPAs and are offering their services in the state. They should be licensed to protect the Montana public. Please restore the bill to its original language.

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For the Montana Society of CPAs
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