

## House Amendments to Senate Bill No. 2746

TO THE SECRETARY OF THE SENATE:

THIS IS TO INFORM YOU THAT THE HOUSE HAS ADOPTED THE AMENDMENTS SET OUT BELOW:

### AMENDMENT NO. 1

Amend by striking all after the enacting clause and inserting in lieu thereof the following:

13           **SECTION 1.** Section 73-33-1, Mississippi Code of 1972, is  
14 amended as follows:

15           73-33-1. (1) Any person residing or having a place for the  
16 regular transaction of business in the State of Mississippi being  
17 of good moral character, and who shall have received from the  
18 State Board of Public Accountancy a license certifying his  
19 qualifications as a certified public accountant as hereinafter  
20 provided, shall be styled or known as a certified public  
21 accountant, and it shall be unlawful for any other person or  
22 persons to assume such title or use any letters, abbreviations or  
23 words to indicate that such person using same is a certified  
24 public accountant, unless, at the discretion of the board, such  
25 person has been granted use of the title of "certified public  
26 accountant retired" by the Mississippi State Board of Public  
27 Accountancy or has received a reciprocal certified public  
28 accountant license from the State Board of Public Accountancy.

29           (2) A certified public accountant practicing public  
30 accounting must be associated and registered with a certified  
31 public accountant firm, except a certified public accountant who  
32 is practicing as a sole proprietor not acting as a practice  
33 unit. \* \* \*

34           (3) In order to obtain and maintain a firm permit, a  
35 certified public accountant firm must meet the qualifications as  
36 set and determined by the board and shall be required to show the  
37 following:

38           (a) It is wholly owned by natural persons and not owned  
39 in whole or in part by business entities;

40           (b) A simple majority of the ownership of the firm in  
41 terms of financial interests and/or voting rights hold Mississippi  
42 certified public accountant licenses; and

43           (c) The certified public accountant members of the firm  
44 are registered and in good standing with the board.

45           (4) In order to obtain and maintain a firm permit, a  
46 certified public accountant firm or office thereof having its  
47 principal place of business located outside of the State of  
48 Mississippi that offer to perform or practices public accounting  
49 for a client or a potential client who is a Mississippi resident,  
50 has a principal place of business or is domiciled in Mississippi  
51 shall be required to show the following:

52           (a) It is wholly owned by natural persons and not owned  
53 in whole or in part by business entities;

54           (b) A simple majority of the ownership of the firm in  
55 terms of financial interests and/or voting rights hold certified  
56 public accountant licenses from a statutorily authorized licensing  
57 jurisdiction; and

58           (c) The certified public accountant members of the firm  
59 offering to perform work for a Mississippi client are registered  
60 and in good standing with the board.

61           (5) Any certified public accountant firm may include  
62 nonlicensee owners, provided that:

63           (a) The firm designates a licensee of this state, who  
64 is responsible for the proper registration of the firm and  
65 identifies that individual to the board;

66           (b) All nonlicensees owners are active individual  
67 participants in the certified public accountants firm or  
68 affiliated entities; and

69           (c) The firm complies with such other requirements as  
70 the board may impose by rule.

71           (6) No person or persons shall engage in the practice of  
72 public accounting as defined herein as a partnership, joint

73 venture or professional corporation, sole proprietor acting as a  
74 practice unit, or other business organization allowed by law,  
75 unless and until each business organization or office thereof has  
76 registered with and been issued a firm permit by the State Board  
77 of Public Accountancy.

78 **SECTION 2.** Section 73-33-3, Mississippi Code of 1972, is  
79 amended as follows:

80 73-33-3. (1) There shall be a board of public accountancy,  
81 consisting of seven (7) members, who are qualified electors of  
82 this state; their duties, powers and qualifications are herein  
83 prescribed by this chapter. The members of the Mississippi State  
84 Board of Public Accountancy shall be appointed from holders of  
85 certificates issued under and by virtue of this chapter.

86 (2) The present members of the Mississippi State Board of  
87 Public Accountancy shall continue to serve until January 1, 1984.  
88 After January 1, 1984, the appointments to the board shall be as  
89 hereinafter provided.

90 The Governor shall appoint five (5) members from the  
91 congressional districts as they are presently constituted, as  
92 follows: The initial member from the First Congressional District  
93 shall be appointed for a term of one (1) year; the initial member  
94 from the Second Congressional District shall be for a term of two  
95 (2) years; the initial member from the Third Congressional  
96 District shall be appointed for a term of three (3) years; the  
97 initial member from the Fourth Congressional District shall be  
98 appointed for a term of four (4) years; the initial member from  
99 the Fifth Congressional District shall be appointed for a term of  
100 five (5) years.

101 The members of the board as constituted on July 1, 2007, who  
102 are appointed from Congressional Districts and whose terms have  
103 not expired shall serve the balance of their terms, after which  
104 time the membership of the board shall be appointed as follows:  
105 There shall be appointed one (1) member of the board from each of  
106 the four (4) Mississippi Congressional Districts as they currently  
107 exist. In addition, the Governor shall appoint three (3) members

108 from the state at large \* \* \*. \* \* \* Terms for all members shall  
109 be for five (5) years. There shall be no more than two (2) of the  
110 three (3) state at large members of the board from any one (1)  
111 congressional district.

112 All terms shall begin on January 1 of the appropriate year.  
113 No member of the board shall hold any elected office. Appointments  
114 made to fill a vacancy of a term shall be made by the appointing  
115 officer within sixty (60) days after the vacancy occurs. Any  
116 person appointed to fill an unexpired term shall hold office only  
117 for and during the unexpired term of the member he succeeds.

118 (3) Each member of the board shall take the oath prescribed  
119 by Section 268 of the Mississippi Constitution. The board shall  
120 elect from among its membership, to serve one (1) year terms, a  
121 chairman who shall preside over meetings and a vice chairman who  
122 shall preside in the absence of the chairman or when the chairman  
123 shall be excused. A majority of the membership of the board shall  
124 constitute a quorum for the transaction of any business. Any  
125 board member who shall not attend three (3) consecutive regular  
126 meetings of the board for reasons other than illness of said  
127 member shall be subject to removal by a majority vote of the board  
128 members.

129 (4) The board shall hold regular meetings and special  
130 meetings as may be necessary for the purposes of conducting such  
131 business as may be required. The board shall adopt rules and  
132 regulations governing times and places for meetings, and governing  
133 the manner of conducting its business. All meetings of the board  
134 shall be open to the public.

135 **SECTION 3.** Section 73-33-11, Mississippi Code of 1972, is  
136 amended as follows:

137 73-33-11. The Mississippi State Board of Public Accountancy  
138 may revoke, suspend, impose a civil penalty or take other  
139 appropriate action with respect to any license or permit issued  
140 pursuant to this chapter for any unprofessional conduct by the  
141 licensee or permit holder, or for other sufficient cause, provided  
142 written notice shall have been sent by certified mail (with the

143 addressee's receipt required) to the holder thereof, twenty (20)  
144 days before any hearing thereon, stating the cause for such  
145 contemplated action and appointing a day and a place for a full  
146 hearing thereon by the board, provided further, no certificate or  
147 license be cancelled or revoked until a hearing shall have been  
148 given to the holder thereof according to law. But, after such  
149 hearing, the board may, in its discretion, suspend the certified  
150 public accountant from practice as a certified public accountant  
151 in this state. When payment of a civil penalty is assessed and  
152 levied by the board in accordance with this section, such civil  
153 penalty shall not exceed Five Thousand Dollars (\$5,000.00) for  
154 each violation and shall be deposited into the special fund to the  
155 credit of the board.

156 The members of the board are hereby empowered to sit as a  
157 trial board; to administer oaths (or affirmations); to summon any  
158 witness and to compel his attendance and/or his testimony, under  
159 oath (or affirmation) before the board or for purposes of  
160 deposition during any board authorized investigation; to compel  
161 the production \* \* \* of any book, paper or document by the owner  
162 or custodian thereof to a hearing or for purpose of investigation;  
163 and/or to compel any officer to produce, during investigation or  
164 at the hearing a copy of any public record (not privileged from  
165 public inspection by law) in his official custody, certified to,  
166 by him. The board shall elect one (1) of its members to serve as  
167 clerk, to issue summons and other processes, and to certify copies  
168 of its records or, the board may delegate such duties to the  
169 executive director.

170 The accused may appear in person and/or by counsel or, in the  
171 instance of a firm permit holder through its manager and/or  
172 counsel to defend such charges. If the accused does not appear or  
173 answer, judgment may be entered by default, provided the board  
174 finds that proper service was made on the accused.

175 The minutes of the board shall be recorded in an appropriate  
176 minute book permanently maintained by the board at its office.

177           In a proceeding conducted under this section by the board for  
178 disciplinary action against a licensee or permit holder, those  
179 reasonable costs that are expended by the board in the  
180 investigation and conduct of a proceeding for discipline  
181 including, but not limited to, the cost of service of process,  
182 court reporters, expert witnesses, investigators and legal fees  
183 may be imposed by the board on the accused, the charging party or  
184 both.

185           Such costs shall be paid to the board upon the expiration of  
186 the period allowed for appeal of such penalties under this  
187 section, or may be paid sooner if the guilty party elects. Money  
188 collected by the board under this section shall be deposited to  
189 the credit of the board's special fund in the State Treasury.  
190 When payment of a monetary penalty assessed by the board under  
191 this section is not paid when due, the board shall have the power  
192 to institute and maintain proceedings in its name for enforcement  
193 of payment in the Chancery Court of the First Judicial District of  
194 Hinds County, Mississippi, or in the Chancery Court of the county  
195 where the respondent resides.

196           In case of a decision adverse to the accused, appeal shall be  
197 made within thirty (30) days from the day on which decision is  
198 made to the circuit court of the First Judicial District of Hinds  
199 County, Mississippi, or in the circuit court of the county in  
200 which the accused resides. In the case of a nonresident licensee,  
201 the appeal shall be made to the First Judicial District of Hinds  
202 County, Mississippi. The order of the board shall not take effect  
203 until the expiration of said thirty (30) days.

204           In case of an appeal, bond for costs in the circuit court  
205 shall be given as in other cases; and the order of the board shall  
206 not take effect until such appeal has been finally disposed of by  
207 the court or courts.

208           The board may, at any time, reinstate a license or permit if  
209 it finds that such reinstatement is justified.

210           In addition to the reasons specified in the first paragraph  
211 of this section, the board shall be authorized to suspend the

212 license of any licensee for being out of compliance with an order  
213 for support, as defined in Section 93-11-153. The procedure for  
214 suspension of a license for being out of compliance with an order  
215 for support, and the procedure for the reissuance or reinstatement  
216 of a license suspended for that purpose, and the payment of any  
217 fees for the reissuance or reinstatement of a license suspended  
218 for that purpose, shall be governed by Section 93-11-157 or  
219 93-11-163, as the case may be. Actions taken by the board in  
220 suspending a license when required by Section 93-11-157 or  
221 93-11-163 are not actions from which an appeal may be taken under  
222 this section. Any appeal of a license suspension that is required  
223 by Section 93-11-157 or 93-11-163 shall be taken in accordance  
224 with the appeal procedure specified in Section 93-11-157 or  
225 93-11-163, as the case may be, rather than the procedure specified  
226 in this section. If there is any conflict between any provision  
227 of Section 93-11-157 or 93-11-163 and any provision of this  
228 chapter, the provisions of Section 93-11-157 or 93-11-163, as the  
229 case may be, shall control.

230 **SECTION 4.** Section 73-33-15, Mississippi Code of 1972, is  
231 amended as follows:

232 73-33-15. (1) It shall be unlawful for any person, except a  
233 registered public accountant, who is associated and registered  
234 with a firm permit holder and/or for any firm, except for a  
235 certified public accountant firm that holds a valid CPA firm  
236 permit to practice public accounting issued pursuant to this  
237 chapter to:

238 (a) Issue, sign or permit his name or firm name to be  
239 associated with any report, transmittal letter or other written  
240 communication issued as a result of an examination of financial  
241 statements or financial information which contains either an  
242 expression of opinion or other attestation as to the fairness,  
243 accuracy or reliability of such financial statements;

244 (b) Offer to perform, or perform, for the public,  
245 public accounting, tax consulting or other accounting-related  
246 services while holding himself out as a certified public

247 accountant or as a firm of certified public accountants or  
248 certified public accountant firm; or

249 (c) Maintain an office or other facility for the  
250 transaction of business as a certified public accountant or  
251 certified public accountant firm.

252 (2) Any person or firm violating subsection (1) of this  
253 section shall be guilty of a misdemeanor, and may, upon conviction  
254 therefor, be punished by a criminal fine of not less than Five  
255 Hundred Dollars (\$500.00) nor more than Five Thousand Dollars  
256 (\$5,000.00), or by imprisonment in the county jail for not less  
257 than ten (10) days nor more than six (6) months, or by both such  
258 fine and imprisonment in the discretion of the court.

259 (3) In addition to any other penalty which may be  
260 applicable, the board may impose a civil penalty against any  
261 person adjudged by the board to be in violation of subsection (1)  
262 of this section. The civil penalty shall not exceed Five Thousand  
263 Dollars (\$5,000.00) per violation and shall be deposited into the  
264 special fund to the credit of the board.

265 (4) The provisions of paragraph (a) of subsection (1) of  
266 this section shall not be construed to apply to an attorney  
267 licensed to practice law in this state; to a person for making  
268 statements as to his own business; to an officer or salaried  
269 employee of a firm, partnership or corporation for making an  
270 internal audit, statement or tax return for the same; to a  
271 bookkeeper for making an internal audit, statement or tax return  
272 for his employer, whose books he regularly keeps for a salary; to  
273 a receiver, a trustee or fiduciary as to any statement or tax  
274 return with reference to the business or property entrusted to him  
275 as such; to any federal, state, county, district or municipal  
276 officer as to any audit, statement, or tax return made by him in  
277 the discharge of the duties of such office.

278 (5) Nothing in this section shall require a sole proprietor  
279 not acting as a practice unit to associate and register with a  
280 certified public accounting firm before engaging in the practice  
281 of public accounting.



282           **SECTION 5.** This act shall take effect and be in force from  
283 and after July 1, 2007.

**Further, amend by striking the title in its entirety and  
inserting in lieu thereof the following:**

1           AN ACT TO AMEND SECTION 73-33-1, MISSISSIPPI CODE OF 1972, TO  
2 PROVIDE THE MINIMUM OWNERSHIP REQUIREMENTS FOR CERTIFIED PUBLIC  
3 ACCOUNTANT FIRMS; TO AMEND SECTION 73-33-3, MISSISSIPPI CODE OF  
4 1972, TO PROVIDE THAT APPOINTMENTS TO THE MISSISSIPPI STATE BOARD  
5 OF PUBLIC ACCOUNTANCY BE MADE FROM THE FOUR CONGRESSIONAL  
6 DISTRICTS ON A PHASED-IN BASIS; TO AMEND SECTIONS 73-33-11 AND  
7 73-33-15, MISSISSIPPI CODE OF 1972, TO REVISE THE SUBPOENA POWER  
8 OF THE MISSISSIPPI STATE BOARD OF PUBLIC ACCOUNTANCY, TO AUTHORIZE  
9 THE BOARD TO IMPOSE A CIVIL PENALTY AGAINST PERSONS ADJUDGED TO  
10 HAVE VIOLATED CERTAIN PUBLIC ACCOUNTING REGULATORY LAWS; AND FOR  
11 RELATED PURPOSES.

HR40\SB2746A.J

Don Richardson  
Clerk of the House of Representatives