

Why it is important to New York CPAs

- Practice mobility for CPAs is the ability of a licensee to gain a practice privilege outside of his or her home jurisdiction without obtaining an additional license in another state where he or she will be serving a client or an employer.
- A uniform approach for CPA practice mobility has been endorsed by the American Institute of Certified Public Accountants (AICPA) and the National Association of State Boards of Accountancy (NASBA). Uniform adoption of the mobility provision included in the Uniform Accountancy Act (UAA) will create a system similar to the nation's driver's license.
- Uniformity of CPA practice mobility is important, because prior to the start of the efforts to achieve a uniform system, each state had its own rules, regulations and requirements to allow out-of-state CPAs to provide services in that state, resulting in an unworkable patchwork system that was inefficient and increasingly difficult to navigate and was not proven to protect the public.
- This system provides CPAs with mobility while retaining and strengthening state board's ability to protect the public. Mobility allows out-of-state CPAs whose home state meets UAA licensing standards or who individually meet those requirements in which they are serving a client, to practice in that other state without notifying the state board. Out of state CPAs and CPA firms practicing under this system give State Boards of Accountancy automatic jurisdiction over them. It provides the right balance of trust and public protection.
- A uniform approach to CPA mobility is necessary because of the increased national and global nature of business and the central role that CPAs are involved with --CPAs are asked daily to provide services across state lines, via travel or electronic communication, to serve the needs of a wide array of clients.
- CPA mobility allows consumers immediate access to the CPA of their choice, without the lengthy delays and substantial additional costs caused by licensure or notification requirements. CPA mobility recognizes that the old roadblocks are outdated in the modern economy when consumers need services on a "real time" basis.
- There has been significant momentum across the country in the last 3 years to enact uniform practice mobility so CPAs and CPA firms can serve their clients across state lines with minimal licensing barriers. To date, 44 states have enacted CPA mobility provisions and several more states have mobility legislation pending. These measures have had overwhelming bi-partisan support in legislatures across the country and have been backed by Governors and Attorneys General in these states.
- Implementation of a uniform CPA mobility provision will allow New York State consumers to receive timely services from the CPA best suited to the job, regardless of the location, without the hindrances of unnecessary filings, forms and increased costs that do not protect the public interest. Businesses today are often located in multiple states and have compliance responsibilities in multiple jurisdictions and a uniform process will give CPAs the flexibility to better serve clients in New York.
- New York State CPAs should not assume that they will be able to practice freely in other states if New York does not enact CPA mobility as other states have passed it around the country. At least two states, neighboring Pennsylvania and Georgia have already enacted requirements within their mobility laws that prohibit CPAs from practicing on a no-notice basis if their home state does not have the same mobility provision. Currently Massachusetts has legislation pending with a similar requirement as Pennsylvania and Georgia.

AICPA State Regulation and Legislation Team
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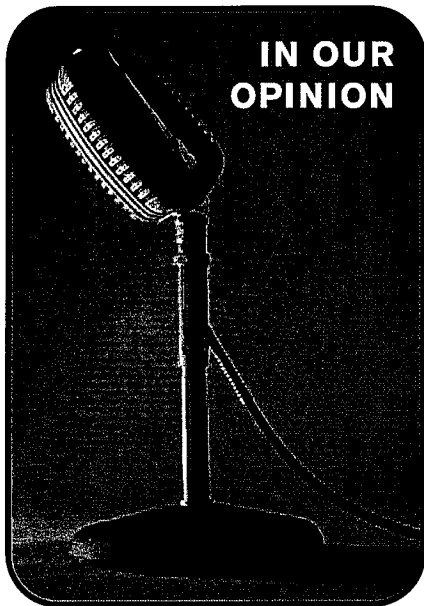
SUMMARY OF STATE ACTIVITY on CPA MOBILITY Updated July 2009

State	Enacted	Effective
Alabama	May 2009	October 2009
Alaska	Legislation Anticipated in 2010	
Arizona	June 2008	September 2008
Arkansas	February 2009	July 2009
California	Legislation Anticipated in 2010	
Colorado	May 2008	August 2008
Commonwealth of Northern Marianas		
Connecticut	May 2008	May 2008
District of Columbia		
Delaware	August 2008	August 2008
Florida	May 2009	July 2009
Georgia*		July 2009
Guam		
Hawaii	Legislation Anticipated in 2010	
Idaho	March 2008	July 2008
Illinois	August 2007	January 2008
Indiana	May 2007	July 2007
Iowa	April 2008	July 2009
Kansas	March 2009	November 2009
Kentucky	April 2008	July 2008
Louisiana	December 2007	December 2007
Maine	June 2007	September 2007
Maryland	May 2008	October 2008
Massachusetts	HB 80	Legislation Pending
Michigan	June 2008	June 2008
Minnesota	April 2008	April 2008
Mississippi	March 2008	July 2009
Missouri	2008	2008
Montana	April 2009	October 2009

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State	Enacted	Effective
Nebraska	February 2009	September 2010
Nevada	April 2009	July 2009
New Hampshire	June 2009	July 2009
New Jersey	July 2008	July 2009
New Mexico	February 2008	May 2008
New York		
North Carolina	SB 647/HB 911	Legislation Pending
North Dakota	April 2008	August 2009
Ohio	1961	1961
Oklahoma	April 2009	April 2009
Oregon	June 2009	
Pennsylvania*		September 2008
Puerto Rico		
Rhode Island	July 2007	July 2007
South Carolina	June 2008	June 2008
South Dakota	March 2009	July 2009
Tennessee	April 2007	April 2007
Texas	June 2007	June 2007
Utah	March 2008	May 2008
Vermont	May 2009	July 2009
Virginia	January 1999	July 1999
Virgin Islands		
Washington	March 2008	June 2008
West Virginia	March 2008	June 2008
Wisconsin	April 2006	April 2006
Wyoming	March 2009	July 2009
<i>Currently Georgia and Pennsylvania law grants mobility privileges only for CPAs from states that have passed mobility.</i>		Currently in Effect 29 Effective at a Future Date 15 TOTAL 44



IN OUR
OPINION

(Editor's note: Advocates for licensing reform approached two state attorneys general for their bipartisan perspective on the mobility issue.)

In an increasingly global economy, business no longer stops at national borders much less at state lines. With advancements in technology, even relatively small companies have little difficulty extending operations across the nation. All businesses—big and small—need the services of certified public accountants. But should CPAs' ability to provide services to their customers end at the state line? We think not.

As more businesses expand their operations into multiple states, it is increasingly vital to the efficiency of those companies that their CPAs have the ability to cross the same state lines to provide high-quality services. Virginia and Rhode Island have been leaders in taking a regulatory approach that allows licensed, out-of-state CPAs to enter our states freely to provide services. At the same time, regulators have important new tools for tough disciplinary action against CPAs who violate the rules. We believe that all states should embrace such a regulatory policy, which is good for consumers and is simple to put in place.

For more than a decade, the AICPA and the National Association of State

CPA MOBILITY

Freedom of Choice is Good for Businesses *and* Consumers

by Patrick C. Lynch and Bob McDonnell

Boards of Accountancy (NASBA) have worked to create and refine a model statute, called the Uniform Accountancy Act (UAA), that establishes a comprehensive national regulatory framework.

Although the UAA covers all aspects of the regulation of accountancy in a state, one key innovation has been the concept of "substantial equivalency." A state that adopts substantial equivalency recognizes that an out-of-state CPA can practice in the state if he or she comes from a state with CPA licensure requirements that are substantially equivalent to the rigorous education, experience

has become compromised by burdensome notification rules—requiring out-of-state CPAs to complete lengthy forms or seek official approval prior to entering a state to provide accounting services. In many states, CPAs who provide necessary services for companies with operations in multiple states are forced to wait for forms to be processed. These arcane notification rules do not assist businesses or consumers in search of the best available professional services from CPAs.

Recognizing that the benefits of substantial equivalency had been undercut by patchwork notice requirements, the

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and examination requirements in the UAA (or individually meets those requirements).

Adopting substantial equivalency will permit all CPAs from substantially equivalent states, and an individual CPA from any state who demonstrates the same level of personal qualifications, to practice within its borders. Broad adoption of substantial equivalency ensures that consumers can retain the CPA of their choice; allows CPAs to respond to the needs of consumers who transact business in multiple states; and frees regulators to focus on other enforcement priorities.

Over time, however, the effort by the AICPA and NASBA to promote mobility through substantial equivalency policies

AICPA and NASBA developed amendments to the UAA that eliminate these outdated notification requirements for CPAs who wish to provide certain accounting services. Arizona, Colorado, Connecticut, Delaware, Idaho, Illinois, Indiana, Iowa, Kentucky, Louisiana, Maine, Maryland, Michigan, Minnesota, Mississippi, Missouri, New Jersey, New Mexico, Ohio, Rhode Island, South Carolina, Tennessee, Texas, Utah, Virginia, Washington, West Virginia and Wisconsin have already adopted a uniform change to their law. Additionally, Georgia, Oklahoma and Pennsylvania have enacted legislation that provides for mobility practice privileges for CPAs from states that have passed mobility. At least

15 states have indicated that they will consider mobility legislation in the 2009–2010 sessions.

Regulators' ability to discipline out-of-state CPAs is not dependent on notification, and eliminating the notice requirement will not harm states' ability to oversee out-of-state CPAs practicing within their borders. The amended UAA provides that individual CPAs licensed in one state who enter another state to practice pursuant to the substantial equivalency practice privilege *automatically* consent to the disciplinary authority of the second state's accountancy board and to comply with that state's accounting statutes and board regulations. If an out-of-state accountant must be disciplined by regulators or the courts, the amended UAA has given the states expansive disciplinary authority—and guaranteed jurisdiction to exercise it. This automatic jurisdiction over out-of-state CPAs the UAA provides is bolstered by the fact that state courts

have traditionally exercised jurisdiction over professionals, including attorneys, who enjoy the privilege of practicing within the state. State courts that have considered the question have regarded jurisdiction over out-of-state accountants the same way. Our offices will work with the proper authorities to pursue any person who enters our state and violates the law, and eliminating a notice requirement that generates needless paperwork will not impact our ability to protect consumers.

We also believe that eliminating the notification requirement would increase regulators' ability to enforce high standards for the practice of accounting and thereby protect the public. Currently, regulators are forced to process the notifications submitted by out-of-state CPAs, shifting time and resources away from enforcement and oversight, and focusing on the essentially bureaucratic task of administering notification systems. Less

time spent on paper-pushing means more time devoted to actually protecting the public.

Therefore, the amended UAA simultaneously helps consumers by eliminating barriers to the free choice of accounting professionals, while also offering regulators a powerful tool to oversee the practice of accounting in their state. CPAs' clients will no longer be limited by varied state licensing and notification regimes, and state regulators will be sure that they possess jurisdiction and disciplinary authority over out-of-state CPAs. In the fast-moving and diverse modern economy, we believe that implementing a regulatory approach that allows freedom of choice in accountants—and is coupled with tough oversight by state accountancy boards—is the best choice for everyone. ❖

Patrick C. Lynch is attorney general of Rhode Island, and Bob McDonnell is attorney general of Virginia.
