

OFFICE OF LEGISLATIVE RESEARCH
PUBLIC ACT SUMMARY



PA 12-194—sHB 5025

Government Administration and Elections Committee

AN ACT CONCERNING THE OWNERSHIP OF PUBLIC ACCOUNTING FIRMS AND THE USE OF THE TITLE “CERTIFIED PUBLIC ACCOUNTANT”

SUMMARY: Prior law prohibited an accounting firm from obtaining a permit to practice in Connecticut unless each of its equity owners working in the state held a valid Connecticut license to practice public accountancy.

This act:

1. eliminates the requirement that each equity owner hold a valid Connecticut license and allows firms to obtain a permit as long as a simple majority of these owners, in terms of financial interests and voting rights, holds a valid accountancy license from any U.S. state or territory but
2. prohibits these “simple majority firms” from using the “Certified Public Accountant” or “CPA” title or a similar designation.

As under prior law, a firm’s equity owners must hold a valid Connecticut license if they perform professional accounting services and have a principal place of business in this state. The act specifies that equity owners are proprietors, partners, members, and shareholders.

The act eliminates the requirement that firms holding a permit notify the State Board of Accountancy of any change in the number or location of its Connecticut offices.

It also makes technical and conforming changes.

EFFECTIVE DATE: July 1, 2012

PERMIT REQUIREMENTS FOR SIMPLE MAJORITY FIRMS

The act prohibits simple majority firms from obtaining an initial permit or a renewal unless each equity owner is (1) a natural person who actively participates in the business of the firm or its affiliates or (2) an entity, including a partnership or professional corporation, whose equity owners actively participate in the business of the firm or its affiliates. It defines “actively participate” as providing client services or taking part in the firm’s business or management.

OLR Tracking: KS:CR:PF:ro:eh