Legislative Analysis

ACCOUNTANCY SOLE PROPRIETORS

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House Bill 4892 (H-1) as referred to second committee
Sponsor: Rep. Steve Frisbie
Committee: Finance
Complete to 11-12-25

SUMMARY:

House Bill 4892 would amend the Occupational Code to provide that an individual who is licensed in Michigan as a certified public accountant (CPA) and operates a sole proprietorship with an office in Michigan does not have to obtain a license to operate an accounting firm to engage in the practice of public accounting in Michigan.

The code generally requires a firm that establishes or maintains an office in Michigan to obtain a Michigan license to engage in the practice of public accounting, and it provides requirements that such a firm must meet in applying for licensure.

Under the bill, those accountancy firm licensure provisions would not apply to an individual licensed as a CPA in Michigan who operates a sole proprietorship with an office in the state.

The bill would take effect 90 days after enactment.

MCL 339.724 and 339.728

BRIEF DISCUSSION:

According to a 2025 report from the Department of Licensing and Regulatory Affairs (LARA), "Under current law, if an individual is licensed as an accountant, they are also required to have an accountancy firm license – even if they do not have any other employees working at the firm. Many times, sole proprietors forget to get their firm license."[1]

According to committee testimony, the bill is intended to eliminate this duplicative and burdensome licensing requirement.

FISCAL IMPACT:

House Bill 4892 would have an indeterminate fiscal impact on the Department of Licensing and Regulatory Affairs. The bill would no longer require licensed accountants operating a sole proprietorship to also hold an accountancy firm license. LARA would likely need to process and oversee fewer firm licenses, which could save staff time. Fewer firm licenses would also result in less license fee revenue collected. The number of currently licensed accountants who would no longer need to hold a firm license is unknown, so an estimate of the revenue and cost impacts is not available.

[1] https://www.michigan.gov/lara/-/media/Project/Websites/lara/about/LARA_CuttingRedTapeReport-1.pdf

POSITIONS:

A representative of the Michigan Association of Certified Public Accountants testified in support of the bill. (10-28-25)

The following entities indicated support for the bill:

- Department of Licensing and Regulatory Affairs (10-28-25)
- Mackinac Center for Public Policy (11-4-25)

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