

**SUBSTITUTE FOR
HOUSE BILL NO. 4893**

A bill to amend 1980 PA 299, entitled
"Occupational code,"
by amending sections 725, 727a, and 729 (MCL 339.725, 339.727a, and
339.729), section 725 as amended by 2010 PA 215 and sections 727a
and 729 as amended by 2018 PA 81.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 725. (1) The department shall issue a certificate as a
2 certified public accountant to an individual who meets all of the
3 following requirements:
4 (a) Is of good moral character.
5 (b) Has complied with the education requirements of subsection
6 (2) **for purposes of sitting for an examination required under**
7 **subsection (3).**

(c) Has passed an examination meeting the requirements of subsection (3).

(d) Has complied with the experience requirements of subsection (4).

(e) Has completed at least ~~150~~ **1 of the following education requirements:**

(i) Not less than 150 semester hours of college education, including a baccalaureate degree or higher degree with a concentration in accounting, at an educational institution approved by the board.

(ii) A post-baccalaureate degree with a concentration in accounting at an educational institution approved by the board.

(iii) Not less than 120 credit hours, or a baccalaureate degree with a concentration in accounting, at an educational institution approved by the board.

(2) An individual who has completed a curriculum required for a baccalaureate **or higher** degree with a concentration in accounting at an educational institution approved by the board may sit for the examination required under subsection (3).

(3) An applicant for a certificate as a certified public accountant shall pass an examination in accounting, auditing, and other related subjects, acceptable to the department and the board, that is given reciprocal status in the plurality of states as compared to other examinations.

(4) ~~For~~ **Subject to subsection (5), for** an application for a certificate as a certified public accountant, ~~received on or after the effective date of the amendatory act that added this subsection, or an application received before that date if a certificate of certified public accountant has not been issued, the~~

1 ~~an applicant shall~~**must** have 1 year of qualifying experience ~~, all~~
 2 ~~of which is if the applicant is applying for a certificate based on~~
 3 **education requirements under subsection (1) (e) (i) or (ii), and 2**
 4 **years of qualifying experience if the applicant is applying for a**
 5 **certificate based on education requirements under subsection**
 6 **(1) (e) (iii). Qualifying experience must be** verified by a certified
 7 public accountant of this state, ~~any other~~**another** state, or any
 8 jurisdiction of the United States, submitted on a form prescribed
 9 by the department. ~~Qualified~~**Qualifying** experience is experience
 10 gained through employment in government, industry, academia, or
 11 public practice in 1 or more of the following areas:

12 (a) Audits of financial statements in accordance with the
 13 applicable standards at the time of engagement.

14 (b) Reviews of financial statements in accordance with the
 15 applicable standards at the time of engagement.

16 (c) Compilations of financial statements with complete
 17 disclosure in accordance with the applicable standards at the time
 18 of engagement.

19 (d) Attestation engagements in accordance with the applicable
 20 standards at the time of engagement.

21 (e) Other auditing in accordance with applicable standards at
 22 the time of engagement that leads to an expression of a written
 23 opinion including any of the following:

24 (i) Reviews regarding internal control.

25 (ii) Operational audits.

26 (iii) Compliance audits.

27 (iv) Expressions of an opinion on financial forecasts and
 28 projections.

29 (f) Performance of an independent internal audit function.

(g) Compliance audits of government contracts performed on behalf of a government agency that result in the issuance of an opinion or report.

(h) Audits performed on behalf of a government audit agency that result in the issuance of an opinion or report.

(i) Preparation of income and nonprofit tax returns for any taxing jurisdiction.

(j) Properly documented tax research.

(k) Representation of a client before a government agency on a tax matter.

(l) Financial forecasts, analyses, and projections.

(m) Management advisory services including, but not limited to, business valuation, forensic accounting, and fraud examination services that meet applicable standards.

(n) Management and supervision of accounting functions and preparing financial statements for profit or nonprofit entities.

(o) Professional accounting-related work in a public accounting firm.

(p) Other work generally associated with the profession of public accounting.

(5) An applicant for ~~certification~~ **a certificate** under this section shall not receive credit as qualifying experience for **either of** the following:

(a) Experience consisting of nonprofessional work, including recruiting, industrial engineering, administration, bookkeeping, and appraisals.

(b) Paraprofessional work that does not comply with subsection (4) (o).

Sec. 727a. (1) An individual whose principal place of business

1 is not in this state ~~is considered to have qualifications~~
 2 ~~substantially equivalent to this state's requirements,~~ has all the
 3 privileges of licensees of this state, and may practice public
 4 accountancy without the need to obtain a certificate, license, or
 5 temporary practice permit under this article, if the individual
 6 meets ~~either or both~~ of the following:

7 (a) Holds a valid license as a certified public accountant
 8 from another licensing jurisdiction. ~~that requires, as a condition~~
 9 ~~of licensure, that the individual meets all of the following:~~

10 (b) **At the time of initial licensure, was required to show**
 11 **evidence of having passed the uniform CPA examination and of having**
 12 **met 1 of the following requirements:**

13 (i) ~~Has at least~~ **Not less than** 150 semester hours of college
 14 education, including a baccalaureate or higher degree **with a**
 15 **concentration in accounting,** conferred by a college or university,
 16 **and not less than 1 year of qualifying experience under section**
 17 **725(4) .**

18 (ii) ~~Achieves a passing grade on the uniform CPA exam.~~ **A post-**
 19 **baccalaureate degree with a concentration in accounting conferred**
 20 **by a college or university and not less than 1 year of qualifying**
 21 **experience under section 725(4) .**

22 (iii) ~~Possesses at least 1 year of experience including~~
 23 ~~providing any type of service or advice involving the use of~~
 24 ~~accounting, attest, compilation, management advisory, financial~~
 25 ~~advisory, tax, or consulting skills, all of which may be obtained~~
 26 ~~through government, industry, academic, or public practice as~~
 27 ~~verified by a licensee.~~

28 (b) ~~Holds a valid license as a certified public accountant~~
 29 ~~from another licensing jurisdiction that does not meet the~~

~~requirements of subdivision (a), but has certified public accountant qualifications that are substantially equivalent to those requirements. Any individual who passed the uniform CPA exam and holds a valid license issued by another licensing jurisdiction before January 1, 2012 is exempt from the education requirement in subdivision (a) (i) for purposes of this subdivision.~~ **Not less than 120 credit hours or a baccalaureate degree with a concentration in accounting conferred by a college or university, and not less than 2 years of qualifying experience under 725(4).**

(2) An individual whose principal place of business is not in this state and who holds, and held as of December 31, 2024, a valid license in good standing as a certified public accountant from any state and who, as of December 31, 2024, had practice privileges in this state under this section has all the privileges of licensees in this state without the need to obtain a license under this article.

(3) ~~(2)~~ Notwithstanding any other provision of law, an individual who offers or renders professional services, whether in person or by mail, telephone, or electronic means under this section ~~shall be~~ **is** granted practice privileges in this state, and no notice, fee, or other submission is required of that individual. An individual described in this subsection is subject to the requirements of section 734a.

Sec. 729. (1) As a condition of license renewal, an individual licensee must successfully complete ~~at least~~ **not less than** 40 hours of continuing education for each year of a license cycle. All of the following apply to the continuing education requirement described in this subsection:

(a) A licensee is not required to meet the continuing

1 education requirements for a period of 12 months, beginning on the
2 date of ~~his or her~~ **the licensee's** original license.

3 ~~(b) At least 8 of the 40 hours of continuing education for~~
4 ~~each year of a license cycle must be in the areas of auditing and~~
5 ~~accounting. However, the board shall not require completion of more~~
6 ~~than 8 hours of education in the areas of auditing and accounting~~
7 ~~in 1 year of a license cycle.~~

8 **(b)** ~~(e)~~ Subject to subdivision ~~(d)~~, **at least (c), not less**
9 **than** 2 of the 40 hours of continuing education for each year of a
10 license cycle must be in the area of professional ethics. However,
11 the board shall not require completion of more than 2 hours of
12 education in the area of professional ethics in 1 year of a license
13 cycle.

14 **(c)** ~~(d)~~ The content of 1 hour of the 4 hours of continuing
15 education in professional ethics required in a 2-year license cycle
16 must be the statutes and administrative rules of this state
17 applicable to public accountancy. A statewide professional
18 association of certified public accountants approved by the
19 department shall create the content for this 1 hour of professional
20 ethics education.

21 **(d)** ~~(e)~~ A licensee who earns more than the required 40 hours
22 of continuing education in a year may carry over those excess hours
23 to the next year, ~~but not to any subsequent year,~~ subject to all of
24 the following:

25 (i) The maximum number of excess hours a licensee may carry
26 over into the next year is 40 hours.

27 (ii) ~~A licensee may not carry over more than 8 hours to meet~~
28 ~~the minimum accounting and auditing education requirements~~
29 ~~described in subdivision (b) for the next year.~~ **licensee's carry-**

1 **over balance must be depleted before any hours earned in the**
 2 **current year are depleted.**

3 (iii) A licensee ~~may~~**shall** not carry over more than 2 hours to
 4 meet the minimum professional ethics requirement described in
 5 subdivision ~~(e)~~**(b)** for the next year.

6 (iv) A licensee ~~may~~**shall** not carry over more than 1 hour of
 7 education in public accountancy described in subdivision ~~(d)~~**(c)** to
 8 meet the minimum ethics requirements for the next license cycle.

9 **(e)** ~~(f)~~ Except as provided in subdivision ~~(g)~~**(f)**, a
 10 nonresident licensee must certify in ~~his or her~~**the nonresident**
 11 **licensee's** renewal application that ~~he or she~~**the nonresident**
 12 **licensee** has met the continuing education requirements under this
 13 subsection.

14 **(f)** ~~(g)~~ A nonresident licensee who is applying for renewal of
 15 ~~his or her~~**the nonresident licensee's** license is considered to have
 16 met the continuing education requirements under this subsection if
 17 ~~he or she~~**the nonresident licensee** meets the continuing education
 18 requirements for renewal of an individual license in the state in
 19 which ~~his or her~~**the nonresident licensee's** principal place of
 20 business is located. If the state in which a nonresident licensee's
 21 principal place of business is located does not have continuing
 22 education requirements for renewal of a license, the nonresident
 23 licensee must comply with all continuing education requirements for
 24 renewal of a license under this subsection.

25 **(g)** ~~(h)~~ On request, a licensee must provide the department
 26 with 1 of the following, as applicable:

27 (i) For a licensee with a principal place of business located
 28 in this state, proof acceptable to the department that the licensee
 29 meets the continuing education requirements for license renewal in

1 this state.

2 (ii) For a nonresident licensee, proof acceptable to the
 3 department, from the state board or other licensing authority in
 4 the licensing jurisdiction in which ~~his or her~~ **the nonresident**
 5 **licensee's** principal place of business is located, that the
 6 nonresident licensee meets the continuing education requirements
 7 for license renewal in that licensing jurisdiction.

8 (2) Each licensed firm and sole practitioner that performs any
 9 of the following services shall participate in a peer review
 10 program established by rule of the department and approved by the
 11 board:

12 (a) Audit.

13 (b) Review.

14 (c) Compilations that are relied ~~upon~~ **on** by third parties.

15 (3) An applicant for renewal shall submit to the department,
 16 on a form prescribed by the department and at the time of renewal,
 17 proof of peer review obtained within the 3 years immediately
 18 preceding the application.

19 (4) A firm or sole practitioner required to participate in a
 20 peer review program under this ~~subsection~~ **section** shall notify the
 21 department ~~within~~ **not later than** 30 days after receipt of a fail
 22 rating or second consecutive pass with deficiencies rating. Verbal
 23 testimony or documents, or both, pertaining to a peer review ~~shall~~
 24 ~~be considered~~ **are** confidential and ~~shall be~~ **are** exempt from
 25 disclosure to the department, except in the case of a fail or
 26 second consecutive pass with deficiencies rating.

27 Enacting section 1. This amendatory act takes effect 90 days
 28 after the date it is enacted into law.