ASSEMBLY, No. 5598

STATE OF NEW JERSEY

221st LEGISLATURE

INTRODUCED MAY 5, 2025

Sponsored by:
Assemblyman STERLEY S. STANLEY
District 18 (Middlesex)
Assemblywoman AURA K. DUNN
District 25 (Morris and Passaic)

SYNOPSIS

Modifies requirements to obtain licensure in public accountancy.

CURRENT VERSION OF TEXT

As introduced.

(Sponsorship Updated As Of: 5/15/2025)

AN ACT concerning licensure in accountancy and amending P.L.1997, c.259 and P.L.2008, c.45.

BE IT ENACTED *by the Senate and General Assembly of the State of New Jersey:*

1. Section 3 of P.L. 1997, c.259 (C.45:2B-44) is amended to read:

3. As used in this act:

"Attest" means providing the following services: any audit or other engagement to be performed in accordance with the Statements on Auditing Standards (SAS); any review of a financial statement to be performed in accordance with the Statements on Standards for Accounting and Review Services (SSARS); any examination, review, or agreed upon procedures of engagement to be performed in accordance with the Statements on Standards for Attestation Engagements (SSAE); any engagement to be performed in accordance with the standards of the Public Company Accounting Oversight Board (PCAOB). The statements on standards specified herein shall be adopted by regulation by the board and shall be in accordance with standards developed for general application by recognized national accountancy organizations such as the American Institute of Certified Public Accountants and the PCAOB.

"Board" means the New Jersey State Board of Accountancy.

"Compilation" means providing a service, to be performed in accordance with Statements on Standards for Accounting and Review Services (SSARS), by presenting, in the form of financial statements, information that is the representation of management or owners without undertaking to express any assurance on the statements.

"CPA firm" or "firm" means a sole proprietorship, a professional corporation, a partnership, a limited liability company, a limited liability partnership, or any other lawful form of business organization.

"Financial statements" means statements and related footnotes that purport to present an actual or a prospective financial position at a particular time, or results of operations, cash flow, or changes in financial position for a period of time, in conformity with generally accepted accounting principles or another comprehensive basis of accounting. The term includes specific elements, accounts or items of such statements, but does not include: incidental financial data included in management advisory service reports to support recommendations to a client; or tax returns and supporting schedules.

EXPLANATION – Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted in the law.

Matter underlined <u>thus</u> is new matter.

"License" means a license or registration issued to an individual or firm permitting the individual or firm to practice public accountancy.

"Licensee" means the holder of a license issued pursuant to P.L.1997, c.259 (C.45:2B-42 et seq.).

"Manager" means a manager of a limited liability company.

"Member" means a member of a limited liability company.

"Nonlicensee" means a person not licensed as a certified public accountant or a public accountant of any state or possession of the United States or the District of Columbia.

"Owner of a firm" means any person with an equity or equivalent interest in a firm, such as a shareholder with respect to a corporation or a partner with respect to a partnership, or an individual with respect to a sole proprietorship.

"Peer review" means a study, appraisal, or review of one or more aspects of the professional work of a licensee or CPA firm that issues attest or compilation reports, by a person or persons holding licenses and not affiliated with the licensee or CPA firm being reviewed.

"Practice of public accountancy" means the performance or the offering to perform attest services for a client or potential client, by a licensee, registered firm or individual qualifying for practice privileges under section 6 of P.L.2008, c.45 (C.45:2B-50.1). The "practice of public accountancy" also means the performance or the offering to perform by a licensee or individual qualifying for practice privileges under section 6 of P.L.2008, c.45 (C.45:2B-50.1) of one or more of the following: a compilation of a financial statement to be performed in accordance with SSARS, management advisory, financial advisory or consulting services, or the preparation of tax returns or the furnishing of advice on tax matters.

"Practice unit" means any office of a firm registered with the board to engage in the practice of public accountancy in the State of New Jersey.

"Principal place of business" means the office location designated by a licensee for purposes of **[**substantial equivalency**]** <u>mobility</u> <u>practice privileges</u> and reciprocity.

"Professional" means arising out of or related to the specialized knowledge or skills associated with certified public accountants.

"Report" when used with reference to any attest or compilation service, means an opinion, report, or other form of language that states or implies assurance as to the reliability of the attested information or compiled financial statements and that also includes or is accompanied by any statement or implication that the person or firm issuing it has special knowledge or competence in accounting or auditing. Such a statement or implication of special knowledge or competence may arise from use by the issuer of the report of names or titles indicating that the person or firm is an accountant or auditor, or from the language of the report itself. The

term "report" includes any form of language which disclaims an opinion when that form of language is conventionally understood to imply any positive assurance as to the reliability of the attested information or compiled financial statements referred to, or special competence on the part of the person or firm issuing that language, or both; and it includes any other form of language that is conventionally understood to imply that assurance, or that special knowledge or competence, or both.
(cf: P.L.2019, c.10, s.1)

2. Section 8 of P.L.1997, c.259 (C.45:2B-49) is amended to read as follows:

8. Every applicant for examination for licensure as a certified public accountant shall present to the board a written application on a form to be provided by the board, together with the required fee, and satisfactory proof of the following:

a. (Deleted by amendment, P.L.2019, c.10)

b. That the applicant is of good moral character; and

c. That the applicant has at least, **[**120 semester hours of education, including a baccalaureate or higher degree or its equivalent,**]** from an institution of higher education accredited by a regional accrediting agency recognized by the Commission on Higher Education**[**, except that no applicant shall be issued a license unless he has successfully completed**]** <u>one of the following:</u>

<u>(1) a baccalaureate or higher degree or its equivalent; or</u>

<u>(2) successfully completed</u> 150 hours of education. The educational program shall include a concentration in accounting or its equivalent and related professional courses as determined by regulation of the board.
(cf: P.L.2019, c.10, s.2)

3. Section 6 of P.L.2008, c.45 (C.45:2B-50.1) is amended to read as follows:

6. a. An individual whose principal place of business is not in this State **[**shall be presumed to have qualifications substantially equivalent to this State's requirements for certified public accountants and**]** shall have all the privileges of licensed certified public accountants of this State without the need to obtain a license under P.L.1997, c.259 (C.45:2B-42 et seq.) or to notify the board or pay any fee if that individual:

(1) Holds a <u>current,</u> valid<u>, and unrevoked</u> license as a certified public accountant from any state **[**which the National Association of State Boards of Accountancy's (NASBA) National Qualification Appraisal Service has verified to be in substantial equivalence with the certified public accountant licensure requirements of the American Institute of Certified Public Accountants (AICPA) and NASBA Uniform Accountancy Act**]**; **[**or**]**

(2) [Holds a valid license as a certified public accountant from any state which the NASBA's National Qualification Appraisal Service has not verified to be in substantial equivalence with the certified public accountant licensure requirements of the AICPA/NASBA Uniform Accountancy Act, but that individual obtains from the NASBA's National Qualification Appraisal Service verification that the individual's personal certified public accountant qualifications are substantially equivalent to the certified public accountant licensure requirements of the AICPA/NASBA Uniform Accountancy Act] Has passed the Uniform Certified Public Accountant examination or any other examination approved by the board; and

(3) Has one year of experience of the type described in section 10 of P.L.1997, c.259 (C.45:2B-51).

b. In accordance with the provisions of this section and notwithstanding any other provision of law, an individual who offers or renders professional services, whether in person or by mail, telephone, or electronic means, shall be granted practice privileges in this State and no notice or other submission shall be required of that individual. Such individual shall be subject to the requirements of subsection c. of this section.

c. An individual licensee of another state exercising the privilege afforded by this section and the firm that employs that licensee hereby simultaneously consent, as a condition of exercising that privilege:

(1) To the personal and subject matter jurisdiction and disciplinary authority of the board;

(2) To comply with P.L.1997, c.259 (C.45:2B-42 et seq.) and the regulations promulgated pursuant to that act;

(3) That in the event the license from the state of the individual's principal place of business is no longer valid, the individual will cease offering or rendering professional services in this State individually and on behalf of a firm; and

(4) To the appointment of the state board or other authority that issued the individual's license as the individual's agent upon which process may be served in any action or proceeding by this State's board against the licensee.

d. An individual who has been granted the practice privilege under this section or who has a license issued pursuant to section 10 of P.L.1997, c.259 (C.45:2B-51), who performs any attest service may only do so through a firm which meets the requirements of subparagraph (c) of paragraph (1) of subsection a. of section 13 of P.L.1997, c.259 (C.45:2B-54), or that is registered pursuant to P.L.1997, c.259 (C.45:2B-42 et seq.).

e. A licensee of this State offering or rendering services or using a title provided in section 21 of P.L.1997, c.259 (C.45:2B-62) in another state shall be subject to disciplinary action in this State for an action committed in another state for which the licensee

would be subject to discipline for an act committed in that state. The board shall investigate any complaint made by the board of accountancy or other licensing authority of another state.

f. Any individual who ⟦passed the Uniform Certified Public Accountant Examination and⟧ holds a valid license issued by any other state prior to ⟦January 1, 2012⟧ December 31, 2025 and, as of that date, has practice privileges in this State pursuant to this section, shall ⟦be exempt from the 150 hour education requirement in subsection c. of section 8 of P.L.1997, c.259 (C.45:2B-49)⟧ continue to have all the privileges of licensed certified public accountants of this State without the need to obtain a license pursuant to P.L.1997, c.259 (C.45:2B-49) or to notify the board or pay any fee.

(cf: P.L.2021, c.297, s.1)

4. Section 10 of P.L.1997, c.259 (C.45:2B-51) is amended to read as follows:

10. a. Every applicant for licensure as a certified public accountant, having passed the examination in compliance with the provisions of section 9 of P.L.1997, c.259 (C.45:2B-50), shall provide satisfactory proof to the board that ⟦the applicant has had one year⟧ for individuals applying for licensure pursuant to paragraph (1) of subsection c. of section 8 of P.L.1997, c.259 (C.45:2B-49), two years of experience providing any type of service or advice involving the use of accounting, attest, compilation, management advisory, financial advisory, tax, or consulting skills, all of which was verified by a licensee, were completed and ⟦meeting⟧ the requirements prescribed by the board pursuant to promulgated regulations were met, and for individuals applying for licensure pursuant to paragraph (2) of subsection c. of section 8 of P.L.1997, c.259 (C.45:2B-49), one year of the experience in the same subject matter aforementioned was completed and board requirements were met. The experience required pursuant to this section is acceptable if it was gained through employment in government, industry, academia, or public practice.

(1) (Deleted by amendment, P.L.2019, c.10)

(2) (Deleted by amendment, P.L.2019, c.10)

b. (Deleted by amendment, P.L.2019, c.10)

(cf: P.L.2019, c.10, s.5)

5. Section 12 of P.L.1997, c.259 (C.45:2B-53) is amended to read as follows:

12. a. The board may waive the examination of, and issue a license to, any person who is of good moral character, and who, at the time of his application, holds a current, valid, and unrevoked license as a certified public accountant issued by or under the authority of any state or possession of the United States or the

District of Columbia [which has education, experience, examination and re-examination requirements which are substantially equivalent to the requirements of this act and the regulations promulgated pursuant to this act for the issuance of a license as a certified public accountant] if the person:

(1) completes a baccalaureate or higher degree or its equivalent from an institution of higher education accredited by a regional accrediting agency recognized by the Commission on Higher Education and including a concentration in accounting or its equivalent and related professional courses as determined by the board;

(2) demonstrates proof of previous passage of the Uniform Certified Public Accountant examination or any other examination approved by the board; and

(3) has been employed as a certified public accountant in the practice of public accountancy for at least one year immediately preceding the application for licensure.

b. The board may waive the examination of, and issue a license to, an applicant who within 10 years immediately preceding the date of application has held a valid and unrevoked license as a certified public accountant issued by or under the authority of any state or possession of the United States or the District of Columbia, and who has had four years of experience outside of this State of the type described in subsection a. of section 10 of P.L.1997, c. 259 (C.45:2B-51), or meets equivalent requirements prescribed by the board by regulation, after passing the examination upon which the applicant's license was based with grades that would have been passing grades at the time in this State. If an applicant's certificate, license or permit was issued no less than six years prior to the application for issuance of an initial license under this section, that applicant shall have also fulfilled the requirements of continuing professional education that would have been applicable under the rules of this State to be eligible for licensure under the provisions of subsection a. of section 27 of P.L.1997, c.259 (C.45:2B-68).

c. The board shall issue a license as a certified public accountant to a holder of a foreign designation, granted in a foreign country entitling the holder thereof to engage in the practice of public accountancy if:

(1) The foreign authority which granted the designation makes similar provision to allow a person who holds a valid license issued by this State to obtain that foreign authority's comparable designation; and

(2) The foreign designation:

(a) was duly issued by a foreign authority that regulates the practice of public accountancy and the foreign designation has not expired or been revoked or suspended;

(b) entitles the holder to issue reports upon a financial statement; and

(c) was issued upon the basis of educational, examination, and experience requirements established by the foreign authority or by law; and

(3) The applicant:

(a) received the designation, based on educational and examination standards [substantially equivalent] comparable to those in effect in this State, at the time the foreign designation was granted;

(b) completed an experience requirement, [substantially equivalent] comparable to the requirement set out in section 10 of this act, in the jurisdiction which granted the foreign designation, or has completed four years of experience of the type described in subsection a. of section 10 of P.L.1997, c.259 (C.45:2B-51); or meets equivalent requirements prescribed by the board, within the 10 years immediately preceding the application; and

(c) passed a uniform qualifying examination in national standards acceptable to the board and an examination on the laws, regulations and code of ethical conduct in effect in this State.

An applicant seeking licensure under this subsection shall in the application list all jurisdictions, foreign and domestic, in which the applicant has applied for or holds a designation to practice public accountancy, and each holder of a license issued under this subsection shall notify the board in writing, within thirty days after its occurrence, of any issuance, denial, revocation or suspension of a designation or commencement of a disciplinary or enforcement action by any jurisdiction.

(cf: P.L.2001, c.149, s.4)

6. This act shall take effect on the first day of the 13th month next following enactment and shall apply to applications for licensure received on or after the effective date, except that the board may take any anticipatory administrative action in advance as shall be necessary for the implementation of this act.

STATEMENT

This bill updates the means by which an individual may obtain a license in public accountancy by the New Jersey State Board of Accountancy. Under the bill, an individual may, from an institution of higher education accredited by a regional accrediting agency, fulfill education requirements by 1) obtaining a baccalaureate or higher degree or its equivalent or 2) successfully completing 150 hours of education. The educational program is to include a concentration in accounting or its equivalent and other related professional courses as prescribed by the board.

The bill also removes substantial equivalence as the standard to be met for out-of-State individuals and instead requires comparable

standards to be met, among other items, for the individual to receive a New Jersey license. Additionally, the bill removes the need to meet standards established by the National Association of State Boards of Accountancy in order to qualify for licensure as an out-of-State individual. An individual is to, instead, hold a current valid and unrevoked license in another U.S. jurisdiction; pass the Uniform Certified Public Accountant Examination or any other examination approved by the board; and has one year of experience as required by current law. The bill further stipulates that an individual who holds a current valid license from the other state prior to December 31, 2025 and as of that date, has practice privileges in New Jersey is allowed to continue having all the privileges of licensed certified public accountants of the State without the need to obtain a license pursuant to the other requirements of current law, to notify the board, or to pay any fee.

Moreover, on experience, the bill delineates the individuals who need to complete two years of certain experience and one year. Lastly, the bill also updates when examination waivers apply to individuals.