

**MICHIGAN ASSOCIATION OF CERTIFIED PUBLIC ACCOUNTANTS (MICPA)  
TESTIMONY IN OPPOSITION TO SENATE BILL 40**

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Mr. Chairman and members of the Committee, thank you for the opportunity to testify before you today. On behalf of the more than 19,000 members of the Michigan Association of CPAs (MICPA), representing every corner of Michigan's economic marketplace, I am here to express the CPA profession's concerns as it relates to Senate Bill 40, a measure that we believe would dramatically change the regulatory structure for occupations in our state.

CPAs in Michigan fall under Article 7 of the Michigan Occupational Code and the Administrative Rules promulgated thereunder. In order to fully understand the implications of Senate Bill 40, it is important to first understand how changes to this regulatory structure generally come about.

The American Institute of CPAs (AICPA) and the National Association of State Boards of Accountancy (NASBA) jointly issue language for adoption by the various states under their national model, the Uniform Accountancy Act or UAA. When changes are needed, it is incumbent on the individual states to adopt the changes that were made in the national model. The CPA profession prides itself on the consistent standard of work that is provided across all 55 licensing jurisdictions, made possible through the UAA. Changing the standards in Michigan would inhibit Michigan CPAs from practicing across state lines without obtaining additional licensure. Senate Bill 40 would create additional hurdles for Michigan to adhere to the UAA in our state statute.

For example, Public Act 76 of 2016 amended Article 7 of the Occupational Code to incorporate a key change from the UAA to protect the public interest and adopt principles that are consistent with the practice of public accounting throughout the nation. PA 76 amended the definition of "attest" to ensure that attestation services are provided by individuals with the same qualifications across all licensing jurisdictions. Under the current process, the bill sponsor worked with the profession, including the MICPA and the 9-member Governor appointed Michigan Board of Accountancy, to draft language which addressed shortcomings in Michigan law that were included in the UAA. Once the language was drafted, the bill went through the House and Senate and full chamber processes before being sent to the Governor for signature into law. Senate Bill 40 would create an additional step in the process by requiring the appointed Michigan Law Revision Commission to review the legislation and ensure that it meets the policy of using the least restrictive regulation necessary before making recommendations to the Legislature.

Senate Bill 40 would require the appointed commission to hold any proposed occupational regulation change to the standard of using the least restrictive regulation necessary to protect consumers from present, significant, and substantiated harms that threaten public health and safety. While the regulatory structure for CPAs absolutely protects the public by ensuring that audits, tax work and consulting services are performed by individuals with the proper education, experience, examination, and ethical standards, the regulatory structure for CPAs is not related to the protection of public health and safety, therefore legislation proposing changes to this structure would never meet this test. Additionally, the CPA profession is forward thinking, and legislation is often introduced to protect the public from harms not-



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yet realized; however, anticipated. The standard of protecting consumers from a present harm eliminates that possibility.

Senate Bill 40 also states *“a program of certification does not prevent a noncertified individual from performing the lawful occupation of an individual who holds a certification for compensation, but that individual may not use the title certified”*. This directly conflicts with Article 7 of the Occupational Code which prohibits an individual from performing public accounting without appropriate certification and licensure. In the case of CPAs, “certified” is a proprietary term protected under the Occupational Code and permitted for use only by those with a certificate and either a license to practice or registration to use the credential. All publicly traded companies, school districts and municipalities are required to have a level of financial review performed by a CPA. It is essential that consumers and government agencies are provided a level of service only an individual qualified by education, examination and experience can provide. CPAs are also required to earn 40 hours of continuing education each year to remain competent and are required to adhere to a code of professional conduct. Allowing noncertified individuals to provide the same services as CPAs would significantly impact the level of service provided to the public.

The MICPA has proposed solutions to the profession’s concerns and would be happy to continue to work with the bill sponsor and members of the committee. As the language is currently drafted, we remain in opposition of the bill.

Members of the committee, I want to personally thank you for your time today. Our profession is united in our commitment to protecting the public interest and in ensuring that attest and audit engagements performed by licensed CPAs in Michigan CPA firms are of the utmost quality and value.

Please know that the MICPA and its members stand ready to assist in addressing these matters and arriving at a solution that ensures continued excellence in the profession and continued protection of the public interest.



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