



Senate Fiscal Agency
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House Bills 4334 and 4654 (as passed by the House)
Sponsor: Representative Tom McMillin (H.B. 4334)
Representative Earl Poleski (H.B. 4654)
House Committee: Commerce
Senate Committee: Banking and Financial Institutions

Date Completed: 9-18-13

CONTENT

House Bill 4334 would amend the Michigan Limited Liability Company Act to permit a professional limited liability company (PLLC) to practice public accounting if more than 50% of the PLLC's equity and voter rights were held directly or beneficially by individuals licensed or otherwise authorized to practice public accounting under Article 7 of the Occupational Code.

House Bill 4654 would amend the Business Corporation Act to permit a professional corporation (PC) to practice public accounting if more than 50% of the PC's equity and voter rights were held directly or beneficially by individuals licensed or otherwise authorized to practice public accounting under Article 7 of the Occupational Code.

Under Article 7 of the Occupational Code, a public accounting firm generally must have a State license to practice public accounting. "Firm" includes a limited liability company and a corporation. To apply for a license, individuals who are licensed in good standing as certified public accountants must directly or beneficially hold at least a simple majority of the equity and voting rights of the firm.

Each bill would incorporate the definition of "practice of public accounting" that is within Article 7 of the Occupational Code. (The Code defines this term as rendering or offering to render an opinion on or attesting to or offering to attest to the reliability of a representation or estimate, including, but not limited to, the giving of an opinion in substance that financial information as set forth presents fairly the condition of the entity reviewed or audited, in regard to an entity embracing one or more of the following: 1) financial information; 2) facts respecting compliance with conditions established by law or contract, including, but not limited to, a statute, ordinance, regulation, grant, loan, or appropriation; and 3) the scope of the accounting procedures rendered in connection with the presentation of a financial statement. "Practice of public accounting" also includes one or more of the following activities when performed or offered to be performed by a person holding himself or herself out as a certified public accountant for a client or potential client: 1) the issuance of reports on financial statements; 2) one or more kinds of management advisory, financial advisory, or consulting services, including business valuation, forensic accounting, and fraud examination services; 3) the preparation of tax returns; and 4) the furnishing of advice on tax matters.)

MCL 450.4904 (H.B. 4334)
450.1284 (H.B. 4654)

Legislative Analyst: Glenn Steffens

FISCAL IMPACT

The bills would have no fiscal impact on State or local government.

Fiscal Analyst: Josh Sefton

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.