



2026 South Dakota Legislature

House Bill 1035

Introduced by: **Representative Weisgram**

1 **An Act to modify provisions related to the licensure of public accountants.**

2 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF SOUTH DAKOTA:

3 **Section 1. That § 36-20B-1 be AMENDED:**

4 **36-20B-1.** Terms as used in this chapter mean:

- 5 (1) "Board," the South Dakota Board of Accountancy ~~established pursuant to this~~
6 ~~chapter or its predecessor;~~
- 7 (2) "Certificate," ~~a certificate as a certified public accountant certificate~~ issued
8 pursuant to this chapter ~~or corresponding provisions of prior law,~~ or a
9 ~~corresponding certificate as certified public accountant certificate~~ issued, after
10 examination, under the law of any other state;
- 11 (3) "Client," a person ~~or entity~~ that agrees with a licensee to receive ~~any~~ a professional
12 service, other than an employer-employee relationship;
- 13 (4) "CPA firm" and "PA firm," a sole proprietorship, ~~a corporation,~~ a partnership, or
14 any other form of organization permitted by law, issued a permit under this
15 chapter;
- 16 (5) "Compilation," ~~providing a service to be performed in accordance with Statements~~
17 ~~on Standards for Accounting and Review Services (SSARS) that is presenting,~~
18 which presents in the form of financial statements, and information that is the
19 representation of management ~~(owners) without undertaking to~~ and does not
20 express any assurance on the statements;
- 21 (6) "Domestic," referring to a jurisdiction of a state;
- 22 (7) "Foreign," referring to a jurisdiction outside of the United States;
- 23 (8) "Home office," the location specified by a client as the address to which a service
24 is directed;

- 1 (9) "License," a certificate issued pursuant to this chapter, a permit issued pursuant
 2 to this chapter, or a registration pursuant to this chapter; ~~or in each case, a~~
 3 ~~certificate, license, or permit issued under corresponding provisions of prior law;~~
- 4 (10) "Licensee," the holder of a certificate or a permit issued pursuant to this chapter
 5 ~~or of a license issued under prior law, or of a permit issued pursuant to this chapter;~~
 6 ~~or in each case, a certificate, license, or permit issued under corresponding~~
 7 ~~provisions of prior law;~~
- 8 (11) "Manager," a manager of a limited liability company;
- 9 (12) "Member," a member of a limited liability company;
- 10 ~~(12A)~~(13) "Owner," ~~a licensee or nonlicensee~~ as a proprietor, partner, officer,
 11 shareholder, or member with financial rights in ~~the~~ a CPA firm or PA firm;
- 12 ~~(13)~~(14) "Peer review," a study, appraisal, or review of ~~one or more aspects of the~~
 13 professional work of a certificate holder or CPA firm ~~that,~~ which performs attest or
 14 compilation services, by a qualified person or persons, who hold certificates, and
 15 who are not affiliated with the certificate holder or CPA firm being reviewed;
- 16 ~~(14)~~(15) "Permit," a permit to practice public accountancy issued to a firm pursuant to
 17 this chapter ~~or corresponding provisions of prior law~~ or under corresponding
 18 provisions of the laws of other states;
- 19 ~~(15)~~(16) "Practice privilege," the privilege for a person to practice public accountancy;
- 20 ~~(16)~~(17) "Principal place of business," the office location designated by ~~the~~ a licensee for
 21 ~~purposes of substantial equivalency and reciprocity~~ the purpose of practice
 22 privilege;
- 23 ~~(17)~~(18) "Professional," arising out of, or related to, the specialized knowledge or skills
 24 associated with ~~CPAs or PAs~~ certified public accountants or public accountants;
- 25 ~~(18)~~(19) "Public accountant," a person ~~holding~~ who holds a public accountant license
 26 issued pursuant to provisions of prior law; and
- 27 ~~(19)~~(20) "State," any state of the United States, the District of Columbia, Puerto Rico,
 28 the U.S. Virgin Islands, Guam, and the Commonwealth of the Northern Mariana
 29 Islands;
- 30 ~~(20)~~ "Substantial equivalency," ~~a determination by the board or its designee that the~~
 31 ~~education, examination, and experience requirements contained in the statutes~~
 32 ~~and administrative rules of another jurisdiction are comparable to, or exceed the~~
 33 ~~education, examination, and experience requirements contained in this chapter or~~
 34 ~~that an individual CPA's education, examination, and experience qualifications are~~
 35 ~~comparable to or exceed the education, examination, and experience requirements~~

1 ~~contained in this chapter. In ascertaining substantial equivalency, the board or its~~
2 ~~designee shall take into account the qualifications without regard to the sequence~~
3 ~~in which experience, education, or examination requirements were attained.~~

4 **Section 2. That § 36-20B-12 be AMENDED:**

5 **36-20B-12.** The board ~~may~~ shall promulgate rules, in accordance with chapter 1-
6 26, governing the board's administration and enforcement of this chapter and the conduct
7 of licensees in the following matters:

- 8 (1) Rules governing the board's meetings, and the conduct of the board's business;
- 9 (2) Rules of procedure governing the conduct of investigations and hearings by the
10 board;
- 11 (3) Rules specifying the fees for firm permits and certificates, educational and
12 experience qualifications required for the issuance of certificates, the date for
13 renewal of firm permits and certificates, and the continuing professional education
14 required for renewal of certificates. The fee for issuance or renewal of a certificate
15 may not exceed one hundred dollars;
- 16 (4) Rules of professional conduct to control the quality and integrity of the practice of
17 public accountancy by licensees, covering the following areas:
- 18 (a) Independence, integrity, and objectivity;
- 19 (b) Competence and technical and professional standards;
- 20 (c) Responsibilities to the public; and
- 21 (d) Responsibilities to clients;
- 22 (5) Rules governing the manner and circumstances of use of the titles certified public
23 accountant and CPA by holders of certificates who do not practice public
24 accountancy, as provided for in this chapter;
- 25 (6) Rules specifying procedures and fees, not to exceed one hundred dollars, for the
26 registration of certificate holders who do not practice public accountancy, as
27 provided for in this chapter;
- 28 (7) Rules governing the manner and circumstances of use of the titles public
29 accountant and PA by holders of licenses issued under prior law who do not practice
30 public accountancy, as provided for in this chapter;
- 31 (8) Rules specifying procedures and fees, not to exceed one hundred dollars, for the
32 registration of license holders who do not practice public accountancy, as provided
33 for in this chapter;
- 34 (9) Rules regarding peer review pursuant to this chapter;

- 1 (10) Rules specifying peer review administrative fees, not to exceed one hundred
2 twenty-five dollars, plus seventy-five dollars for a peer review form filed late;
- 3 (11) Rules specifying procedures and fees, not to exceed one hundred dollars, for
4 required peer review documentation filed late;
- 5 (12) Rules specifying fees for examination and reexamination, not to exceed four
6 hundred fifty dollars per section of the examination or reexamination, and issuance
7 of a certificate, not to exceed one hundred dollars;
- 8 (13) Rules specifying the procedures and fees, not to exceed one hundred dollars for
9 each owner, plus one hundred dollars for the a firm practicing public accountancy
10 in this state, for initial issuance or renewal of a firm permit. Any fee promulgated
11 by rule pursuant to this subdivision may be a flat fee or tier based;
- 12 (14) Rules governing the application and fees for:
- 13 (a) A modification of a disciplinary action, not to exceed one thousand dollars;
- 14 (b) A reissue of a certificate, not to exceed one hundred dollars; and
- 15 (c) A firm permit, not to exceed one hundred dollars for each owner, plus one
16 hundred dollars for the a firm practicing public accountancy in this state.
17 Any fee promulgated by rule pursuant to this subdivision may be a flat fee or tier
18 based;
- 19 (15) Rules governing the methods, eligibility, and requirements for applying for
20 examination and reexamination;
- 21 (16) Rules specifying procedures and fees for the late renewal of certificates, not to
22 exceed one hundred dollars, and firm permits, not to exceed one hundred dollars
23 for each owner, plus one hundred dollars for the a firm practicing public
24 accountancy in this state. Any fee promulgated by rule pursuant to this subdivision
25 may be either a flat fee or tier based;
- 26 (17) Rules specifying procedures and fees, not to exceed fifty dollars, for replacement
27 of a certificate or permit;
- 28 (18) Rules specifying methods and requirements for conducting the examination;
- 29 (19) Rules specifying methods, eligibility, and requirements of applying for a certificate;
- 30 (20) Rules specifying procedures and fees for the:
- 31 (a) ~~Late filing of a certificate based on substantial equivalency, not to exceed~~
32 ~~one hundred dollars;~~
- 33 (b) Late issuance of certificates, not to exceed one hundred dollars; and

1 ~~(e)~~(b) Late filing of firm permits, not to exceed one hundred dollars for each
2 owner, plus one hundred dollars for ~~the~~a firm practicing public accountancy
3 in this state.

4 Any fee promulgated by rule pursuant to this subdivision may be a flat fee or tier
5 based; and

6 (21) Rules defining active and inactive status of ~~both~~ certificate and ~~public accountant~~
7 license holders who are not practicing public accountancy; ~~and~~

8 ~~(22) Rules specifying procedures and fees, not to exceed one hundred dollars, on~~
9 substantial equivalency.

10 **Section 3. That § 36-20B-15 be AMENDED:**

11 **36-20B-15.** ~~The education requirement for a certificate, which shall be met before~~
12 ~~one hundred days after an applicant sits for the examination prescribed in this chapter, is~~
13 ~~at least one hundred fifty semester hours of college education, including graduation from~~
14 ~~an accredited college or university with a baccalaureate or a graduate degree in~~
15 ~~accounting, or the satisfactory completion of a course of study which the board has~~
16 ~~determined to be substantially the equivalent of an accounting degree, including related~~
17 ~~courses in other areas of business administration. Such courses of study may be in a~~
18 ~~college or university, recognized by the board.~~

19 In order to sit for the examination described in § 36-20B-18, an individual must
20 provide documentation to the board that the individual has obtained, or is scheduled to
21 obtain within one hundred days after taking the examination, a bachelor's degree or a
22 graduate degree from an accredited institution of higher education. The individual's degree
23 program must include a concentration in accounting or an equivalent, as determined by
24 the board.

25 **Section 4. That § 36-20B-21 be AMENDED:**

26 **36-20B-21.** ~~An applicant for initial issuance of a certificate under this chapter shall~~
27 ~~show that the applicant has acquired one year of experience.~~

28 This experience shall include providing
29 An applicant for a certificate, who holds a
30 graduate degree that satisfies the requirements to sit for an examination, pursuant to
31 § 36-20B-15, shall provide to the board documentation that the applicant has completed
one year of experience in accounting.

1 An applicant for a certificate, who holds a bachelor's degree that satisfies the
 2 requirements to sit for an examination, pursuant to § 36-20B-15, shall provide to the
 3 board documentation that the applicant has completed:

4 (1) One year of experience in accounting and thirty semester credit hours of education,
 5 in addition to the number of hours required to obtain the applicant's bachelor's
 6 degree, at an accredited institution of higher education; or

7 (2) Two years of experience in accounting.

8 For the purposes of this section, experience in accounting includes any type of
 9 service or advice involving the use of accounting, attest, management advisory, financial
 10 advisory, tax, or consulting skills, all of which were verified by a licensee, ~~meeting and~~
 11 meet requirements prescribed by the board, by rule promulgated pursuant to chapter 1-
 12 26. Acceptable experience may be ~~gained~~ completed through employment in government,
 13 industry, academia, or public practice.

14 Any person ~~holding who holds~~ a valid certificate issued by this state prior to July
 15 1, 2002, is deemed to have met the requirements of this section.

16 **Section 5. That § 36-20B-22 be AMENDED:**

17 **36-20B-22.** An individual who passes the examination ~~as a South Dakota~~
 18 ~~candidate, and who satisfies the requirements set forth in § 36-20B-21,~~ may apply for a
 19 certificate in accordance with requirements ~~and by such date~~ established by ~~rule,~~ the
 20 board, in rule promulgated pursuant to chapter 1-26. The board shall grant or renew a
 21 certificate to any person who makes application and demonstrates qualifications that are
 22 in accordance with the provisions of this chapter ~~or eligibility under the substantial~~
 23 ~~equivalency standard provided in this chapter.~~

24 **Section 6. That § 36-20B-25 be AMENDED:**

25 **36-20B-25.** The board ~~shall~~ must issue a certificate to an applicant ~~who does not~~
 26 ~~qualify for reciprocity under the substantial equivalency standard provided in this chapter~~
 27 ~~but~~ who holds a certificate, license, or permit issued by another state ~~upon a showing,~~ if
 28 the applicant provides documentation that:

29 (1) The applicant has passed the examination required for ~~issuance of the applicant's~~
 30 ~~certificate~~ certification in the applicant's state, with grades that would have been
 31 passing grades at the time in this state;

32 (2) The applicant ~~had~~ has at least four years of experience of the type described in this
 33 chapter, or the applicant meets equivalent requirements prescribed by the board,

1 by rule promulgated pursuant to chapter 1-26, after passing the examination, upon
 2 which the applicant's certificate was based, and within the ten years immediately
 3 preceding the application; and

4 (3) The applicant has fulfilled the requirements of continuing professional education
 5 that would have been applicable under subdivision (2), if the applicant's certificate,
 6 license, or permit was issued more than four years prior to ~~the~~ submitting an
 7 application for ~~issuance of~~ an initial certificate under this chapter.

8 **Section 7. That § 36-20B-26 be AMENDED:**

9 **36-20B-26.** Before establishing a principal place of business in this state, ~~a~~
 10 ~~certificate holder~~ a person who is licensed by another state ~~shall request the issuance of~~
 11 must request a certificate from the board. The board shall issue a certificate to any
 12 applicant who obtains, from the board of the other state, verification ~~that such applicant's~~
 13 ~~qualifications are substantially equivalent~~ that the applicant's qualifications are
 14 comparable to the CPA licensure requirements of this chapter, as determined by the board.

15 **Section 8. That § 36-20B-30 be AMENDED:**

16 **36-20B-30.** The board ~~shall~~ must issue a certificate to a holder of ~~a substantially~~
 17 ~~equivalent~~ a foreign designation that the board determines to be comparable to a
 18 certificate issued by this state, ~~if the following conditions are satisfied:~~

19 (1) The foreign authority ~~which that~~ granted the designation makes similar provision
 20 to allow a person who holds a valid certificate issued by this state to obtain ~~such~~
 21 the foreign authority's comparable designation;

22 (2) The foreign designation was duly issued by a foreign authority that regulates the
 23 practice of public accountancy, based on educational and examination
 24 requirements established by the foreign authority, or by statute, and the foreign
 25 designation has not expired or been revoked or suspended;

26 (3) The applicant received the designation, based on educational and examination
 27 standards ~~substantially equivalent~~ that the board determines to be comparable
 28 to those in effect in this state, at the time the foreign designation was granted, and
 29 the designation was issued upon the basis of educational, examination, and
 30 experience requirements established by the foreign authority or by law;

31 (4) The applicant has passed a qualifying examination, ~~with the examination grading~~
 32 ~~and passing grades being~~ which uses a grading system that is uniform with those

- 1 applicable in other states, and an examination ~~acceptable to~~ approved by the
 2 board, on the law, rules, and code of ethical conduct in effect in this state; ~~and~~
- 3 (5) The applicant received the designation based on educational and examination
 4 standards ~~substantially equivalent that the board determines to be comparable to~~
 5 those in effect in this state at the time the foreign designation was
 6 granted; ~~completed~~
- 7 (6) The applicant has:
- 8 (a) Completed an experience requirement ~~substantially equivalent that the~~
 9 board determines to be comparable to the requirement provided in this
 10 chapter, in the jurisdiction ~~which that~~ granted the foreign designation ~~or~~
 11 ~~has completed;~~
- 12 (b) Completed four years of professional experience in this state; or ~~meets~~
- 13 (c) Met equivalent requirements prescribed by the board, by rule promulgated
 14 pursuant to chapter 1-26, within the ten years immediately preceding the
 15 application; and
- 16 (7) The applicant passed a uniform qualifying examination consistent with national
 17 standards, and an examination on the laws, rules, and code of ethical conduct in
 18 effect in this state.

19 An applicant under this section shall list in the application all jurisdictions, ~~foreign~~
 20 ~~and domestic,~~ in which the applicant has applied for, or holds, a designation to practice
 21 public accountancy, ~~and each.~~ Each holder of a certificate issued under this section shall
 22 notify the board in writing, within thirty days after its occurrence, of any issuance, denial,
 23 revocation, or suspension of a designation, or commencement of a disciplinary or
 24 enforcement action by any jurisdiction. ~~The board has the sole authority to interpret the~~
 25 ~~application of the provisions of this section.~~

26 **Section 9. That § 36-20B-66 be AMENDED:**

27 **36-20B-66.** An individual whose principal place of business is not in this state and
 28 who holds a valid certificate or license as a certified public accountant from any state
 29 ~~which the board has verified to be in substantial equivalence with the CPA licensure~~
 30 ~~requirements of this chapter is presumed to have qualifications substantially equivalent to~~
 31 ~~requirements of this state and shall have,~~ has all the privileges of ~~certificate holders and~~
 32 ~~licensees of a licensee under this chapter,~~ without the need to obtain a certificate or permit
 33 under this chapter, provided that the individual has passed the uniform certified public
 34 accountant examination, and has obtained:

1 (1) A bachelor's degree in accounting, or in a course of study that the board has
 2 determined to be comparable to an accounting degree, and has completed:

3 (a) Two years of experience in accountancy, as described in § 36-20B-21; or

4 (b) One year of experience in accountancy, as described in § 36-20B-21, and
 5 thirty semester credit hours at an accredited institution of higher education,
 6 in addition to the number of hours required to obtain the applicant's
 7 bachelor's degree; or

8 (2) A graduate degree in accounting, or in a course of study which the board has
 9 determined to be comparable to an accounting degree, and completed at least one
 10 year of experience in accountancy, as described in § 36-20B-21.

11 Notwithstanding any other provision of law, an individual who offers or renders
 12 professional services under this section, whether in person, or by mail, telephone, or
 13 electronic means, ~~shall~~ must be granted practice privileges in this state, and no notice,
 14 fee, or other submission is required of the individual. ~~However, the~~ The individual ~~shall be~~
 15 is subject to the requirements of § 36-20B-68.

16 **Section 10. That § 36-20B-67 be AMENDED:**

17 ~~**36-20B-67.** Any individual whose principal place of business is not in this state~~
 18 ~~who holds a valid certificate or license as a certified public accountant from any state~~
 19 ~~which the board has not verified to be in substantial equivalence with the CPA licensure~~
 20 ~~requirements of this chapter is presumed to have qualifications substantially equivalent to~~
 21 ~~this state's requirements and shall have all the privileges of certificate holders and~~
 22 ~~licensees of this state without the need to obtain a certificate or permit under this chapter~~
 23 ~~if the CPA qualifications of the individual are substantially equivalent to the CPA licensure~~
 24 ~~requirements of this chapter.~~

25 ~~Notwithstanding any other provision of law, an individual who offers or renders~~
 26 ~~professional services, whether in person, or by mail, telephone, or electronic means, under~~
 27 ~~this section shall be granted practice privileges in this state, and no notice, fee, or other~~
 28 ~~submission is required of the individual. However, the individual shall be subject to the~~
 29 ~~requirements of § 36-20B-68~~

30 An individual shall continue to hold practice privileges, without needing to obtain a
 31 license under this chapter, if the individual:

32 (1) Has a principal place of business that is not in this state;

33 (2) Holds a valid certificate or license as a certified public accountant from any state;
 34 and

- 1 (3) On or before December 31, 2024, exercised practice privileges in this state under
2 § 36-20B-66, as it existed on December 31, 2024.