

Chapter 160
(House Bill 1035)

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

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

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

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

- (1) "Board," the South Dakota Board of Accountancy ~~established pursuant to this chapter or its predecessor;~~
- (2) "Certificate," ~~a certificate as a certified public accountant~~ certificate issued pursuant to this chapter ~~or corresponding provisions of prior law,~~ or a ~~corresponding certificate as~~ certified public accountant certificate issued, after examination, under the law of any other state;
- (3) "Client," a person ~~or entity~~ that agrees with a licensee to receive ~~any~~ a professional service, other than an employer-employee relationship;
- (4) "CPA firm" and "PA firm," a sole proprietorship, ~~a corporation, a partnership,~~ or any other form of organization permitted by law, issued a permit under this chapter;
- (5) "Compilation," ~~providing a service to be performed in accordance with Statements on Standards for Accounting and Review Services (SSARS) that is presenting, which presents~~ in the form of financial statements, and information that is the representation of management ~~(owners) without undertaking to and does not~~ express any assurance on the statements;
- (6) "Domestic," referring to a jurisdiction of a state;
- (7) "Foreign," referring to a jurisdiction outside of the United States;
- (8) "Home office," the location specified by a client as the address to which a service is directed;
- (9) "License," a certificate issued pursuant to this chapter, a permit issued pursuant to this chapter, or a registration pursuant to this chapter; ~~or in each case, a certificate, license, or permit issued under corresponding provisions of prior law;~~
- (10) "Licensee," the holder of a certificate or a permit issued pursuant to this chapter ~~or of a license issued under prior law, or of a permit issued pursuant to this chapter; or in each case, a certificate, license, or permit issued under corresponding provisions of prior law;~~
- (11) "Manager," a manager of a limited liability company;
- (12) "Member," a member of a limited liability company;
- ~~(12A)~~(13) "Owner," ~~a licensee or nonlicensee as a proprietor, partner, officer, shareholder, or member with financial rights in the~~ a CPA firm or PA firm;
- ~~(13)~~(14) "Peer review," a study, appraisal, or review of ~~one or more aspects of~~ the professional work of a certificate holder or CPA firm ~~that, which~~ performs attest or compilation services, by a qualified person or persons, who hold certificates, and who are not affiliated with the certificate holder or CPA firm being reviewed;

- ~~(14)~~(15) "Permit," a permit to practice public accountancy issued to a firm pursuant to this chapter ~~or corresponding provisions of prior law~~ or under corresponding provisions of the laws of other states;
- ~~(15)~~(16) "Practice privilege," the privilege for a person to practice public accountancy;
- ~~(16)~~(17) "Principal place of business," the office location designated by ~~the~~ a licensee for ~~purposes of substantial equivalency and reciprocity~~ the purpose of practice privilege;
- ~~(17)~~(18) "Professional," arising out of, or related to, the specialized knowledge or skills associated with ~~CPAs or Pas~~ certified public accountants or public accountants;
- ~~(18)~~(19) "Public accountant," a person ~~holding who holds~~ a public accountant license issued pursuant to provisions of prior law; and
- ~~(19)~~(20) "State," any state of the United States, the District of Columbia, Puerto Rico, the U.S. Virgin Islands, Guam, and the Commonwealth of the Northern Mariana Islands;
- ~~(20)~~ "Substantial equivalency," ~~a determination by the board or its designee that the education, examination, and experience requirements contained in the statutes and administrative rules of another jurisdiction are comparable to, or exceed the education, examination, and experience requirements contained in this chapter or that an individual CPA's education, examination, and experience qualifications are comparable to or exceed the education, examination, and experience requirements contained in this chapter. In ascertaining substantial equivalency, the board or its designee shall take into account the qualifications without regard to the sequence in which experience, education, or examination requirements were attained.~~

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

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

- (1) Rules governing the board's meetings, and the conduct of the board's business;
- (2) Rules of procedure governing the conduct of investigations and hearings by the board;
- (3) Rules specifying the fees for firm permits and certificates, educational and experience qualifications required for the issuance of certificates, the date for renewal of firm permits and certificates, and the continuing professional education required for renewal of certificates. The fee for issuance or renewal of a certificate may not exceed one hundred dollars;
- (4) Rules of professional conduct to control the quality and integrity of the practice of public accountancy by licensees, covering the following areas:
 - (a) Independence, integrity, and objectivity;
 - (b) Competence and technical and professional standards;
 - (c) Responsibilities to the public; and
 - (d) Responsibilities to clients;
- (5) Rules governing the manner and circumstances of use of the titles certified public accountant and CPA by holders of certificates who do not practice public accountancy, as provided for in this chapter;

- (6) Rules specifying procedures and fees, not to exceed one hundred dollars, for the registration of certificate holders who do not practice public accountancy, as provided for in this chapter;
- (7) Rules governing the manner and circumstances of use of the titles public accountant and PA by holders of licenses issued under prior law who do not practice public accountancy, as provided for in this chapter;
- (8) Rules specifying procedures and fees, not to exceed one hundred dollars, for the registration of license holders who do not practice public accountancy, as provided for in this chapter;
- (9) Rules regarding peer review pursuant to this chapter;
- (10) Rules specifying peer review administrative fees, not to exceed one hundred twenty-five dollars, plus seventy-five dollars for a peer review form filed late;
- (11) Rules specifying procedures and fees, not to exceed one hundred dollars, for required peer review documentation filed late;
- (12) Rules specifying fees for examination and reexamination, not to exceed four hundred fifty dollars per section of the examination or reexamination, and issuance of a certificate, not to exceed one hundred dollars;
- (13) Rules specifying the procedures and fees, not to exceed one hundred dollars for each owner, plus one hundred dollars for ~~the~~ a firm practicing public accountancy in this state, for initial issuance or renewal of a firm permit. Any fee promulgated by rule pursuant to this subdivision may be a flat fee or tier based;
- (14) Rules governing the application and fees for:
 - (a) A modification of a disciplinary action, not to exceed one thousand dollars;
 - (b) A reissue of a certificate, not to exceed one hundred dollars; and
 - (c) A firm permit, not to exceed one hundred dollars for each owner, plus one hundred dollars for ~~the~~ a firm practicing public accountancy in this state.

Any fee promulgated by rule pursuant to this subdivision may be a flat fee or tier based;
- (15) Rules governing the methods, eligibility, and requirements for applying for examination and reexamination;
- (16) Rules specifying procedures and fees for the late renewal of certificates, not to exceed one hundred dollars, and firm permits, not to exceed one hundred dollars for each owner, plus one hundred dollars for ~~the~~ a firm practicing public accountancy in this state. Any fee promulgated by rule pursuant to this subdivision may be either a flat fee or tier based;
- (17) Rules specifying procedures and fees, not to exceed fifty dollars, for replacement of a certificate or permit;
- (18) Rules specifying methods and requirements for conducting the examination;
- (19) Rules specifying methods, eligibility, and requirements of applying for a certificate;
- (20) Rules specifying procedures and fees for the:
 - (a) ~~Late filing of a certificate based on substantial equivalency, not to exceed one hundred dollars;~~
 - ~~(b)~~ Late issuance of certificates, not to exceed one hundred dollars; and

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

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

- (21) Rules defining active and inactive status of ~~both~~ certificate and ~~public accountant~~ license holders who are not practicing public accountancy; ~~and~~
- (22) ~~Rules specifying procedures and fees, not to exceed one hundred dollars, on substantial equivalency.~~

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

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

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

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

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

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

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

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

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

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

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

36-20B-22. ~~An individual who passes the examination as a South Dakota candidate, and who satisfies the requirements set forth in § 36-20B-21, may apply for a certificate in accordance with requirements and by such date established by~~

~~rule, the board, in rule~~ promulgated pursuant to chapter 1-26. The board shall grant or renew a certificate to any person who makes application and demonstrates qualifications that are in accordance with the provisions of this chapter ~~or eligibility under the substantial equivalency standard provided in this chapter.~~

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

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

- (1) The applicant has passed the examination required for ~~issuance of the applicant's certificate~~ certification in the applicant's state, with grades that would have been passing grades at the time in this state;
- (2) The applicant ~~had~~ has at least four years of experience of the type described in this chapter, ~~or the applicant~~ meets equivalent requirements prescribed by the board, by rule promulgated pursuant to chapter 1-26, after passing the examination, ~~upon which the applicant's certificate was based,~~ and within the ten years immediately preceding the application; and
- (3) The applicant has fulfilled the requirements of continuing professional education that would have been applicable under subdivision (2), ~~if the applicant's certificate, license, or permit was issued more than four years prior to the submitting an application for issuance of an initial certificate under this chapter.~~

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

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

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

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

- (1) The foreign authority ~~which that~~ granted the designation makes similar provision to allow a person who holds a valid certificate issued by this state to obtain ~~such the~~ foreign authority's comparable designation;
- (2) The foreign designation was duly issued by a foreign authority that regulates the practice of public accountancy, based on educational and examination requirements established by the foreign authority, ~~or by statute,~~ and the foreign designation has not expired or been revoked or suspended;
- (3) The applicant received the designation, based on educational and examination standards ~~substantially equivalent that the board determines to be comparable~~ to those in effect in this state, ~~at the time the foreign designation was granted, and the designation was issued upon the basis of educational, examination, and experience requirements established by the foreign authority or by law;~~
- (4) The applicant has passed a qualifying examination, ~~with the examination grading and passing grades being which uses a grading system that is uniform with those applicable in other states, and an examination acceptable to approved by~~ the board, ~~on the law, rules, and code of ethical conduct in effect in this state; and~~

- (5) The applicant received the designation based on educational and examination standards ~~substantially equivalent that the board determines to be comparable~~ to those in effect in this state at the time the foreign designation was granted; ~~completed~~

(6) The applicant has:

- (a) Completed an experience requirement ~~substantially equivalent that the board determines to be comparable~~ to the requirement provided in this chapter, in the jurisdiction ~~which that~~ granted the foreign designation ~~or has completed;~~
- (b) Completed four years of professional experience in this state; or ~~meets~~
- (c) Met equivalent requirements prescribed by the board, by rule promulgated pursuant to chapter 1-26, within the ten years immediately preceding the application; and

- (7) The applicant passed a uniform qualifying examination consistent with national standards, and an examination on the laws, rules, and code of ethical conduct in effect in this state.

An applicant under this section shall list in the application all jurisdictions, ~~foreign and domestic,~~ in which the applicant has applied for, or holds, a designation to practice public accountancy, ~~and each.~~ Each holder of a certificate issued under this section 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. ~~The board has the sole authority to interpret the application of the provisions of this section.~~

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

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

- (1) A bachelor's degree in accounting, or in a course of study that the board has determined to be comparable to an accounting degree, and has completed:
- (a) Two years of experience in accountancy, as described in § 36-20B-21; or
- (b) One year of experience in accountancy, as described in § 36-20B-21, and thirty semester credit hours at an accredited institution of higher education, in addition to the number of hours required to obtain the applicant's bachelor's degree; or
- (2) A graduate degree in accounting, or in a course of study which the board has determined to be comparable to an accounting degree, and completed at least one year of experience in accountancy, as described in § 36-20B-21.

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

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

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

~~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 granted practice privileges in this state, and no notice, fee, or other submission is required of the individual. However, the individual shall be subject to the requirements of § 36-20B-68~~

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

- (1) Has a principal place of business that is not in this state;
- (2) Holds a valid certificate or license as a certified public accountant from any state; and
- (3) On or before December 31, 2024, exercised practice privileges in this state under § 36-20B-66, as it existed on December 31, 2024.

Signed March 2, 2026
