

MAINE STATE LEGISLATURE

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LEGISLATIVE RECORD

OF THE

*One Hundred and Third
Legislature*

OF THE

STATE OF MAINE

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May 10 to June 15, 1967

**KENNEBEC JOURNAL
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negative, the Bill was indefinitely postponed and sent up for concurrence.

The Chair laid before the House the fifth tabled and today assigned matter:

Bill "An Act Providing for a Tax on Real Estate Transfers" (H. P. 1143) (L. D. 1627)

Tabled—May 12, by Mr. Beliveau of Rumford.

Pending — Passage to be engrossed.

Mr. Beliveau of Rumford offered House Amendment "A" and moved its adoption.

House Amendment "A" was read by the Clerk as follows:

HOUSE AMENDMENT "A" to H. P. 1143, L. D. 1627, Bill "An Act Providing for a Tax on Real Estate Transfers."

Amend said Bill in section 1 by striking out in the first line of the 5th paragraph of that part designated "\$4643" (same in L. D. 1627) the underlined figure "10th" and inserting in place thereof the underlined figure "20th"

Further amend said Bill in section 1 by striking out all of those parts designated "\$4645, \$4646, \$4651 and \$4652"

Further amend said Bill by renumbering \$4647, \$4648, \$4649 and \$4650 to be \$4645, \$4646, \$4647 and \$4648.

On motion of Mr. Hanson of Gardiner, tabled pending adoption of House Amendment "A" and specially assigned for Thursday, May 18.

The Chair laid before the House the sixth tabled and today assigned matter:

Bill "An Act Concerning the Practice of Public Accountancy" (H. P. 1153) (L. D. 1649)

Tabled—May 12, by Mr. Minkowsky of Lewiston.

Pending—Passage to be engrossed.

The SPEAKER: The Chair recognizes the gentleman from Lewiston, Mr. Minkowsky.

Mr. MINKOWSKY: Mr. Speaker and Honorable Members of this Body: The prime and fundamental purpose of my tabling motion until today on L. D. 1508, now under a

new draft L. D. 1649 as amended is for further consideration and analysis and discussion. We all realize that there must be sound and reasonable standards necessary to safeguard the regulation of the public accounting profession, in the State of Maine. A high moral code of practice set forth by the National Society of Public Accountants should be required of those who are permitted to offer their professional services to our Maine citizens and its varied businesses. Standards for the guidance of the public in using public accountants' services should be based upon fair and equitable treatment to all qualified practitioners. In a democracy, all persons who possess demonstrated ability to practice a profession should be encouraged to engage in it and develop their talents for the improvement and advancement of themselves and the community and the state of which they are an integral part.

It has been stated by many public accountants that the intent of L. D. 1649, as endorsed by the Certified Public Accountants of Maine, are nothing more than personal motivated reasons to monopolize this profession. To say that everyone desiring to enter the accounting profession should be a C.P.A. is completely unrealistic and impractical. Many students as well as some persons now practicing as public accountants will ultimately become C.P.A.'s, but there are numerous others that will not attain this plateau. It is therefore imperative that we provide a vehicle for these future practitioners to enter the recognized public accounting profession. Now, if these practitioners are licensed as provided in L. D. 1649, there is no doubt that it would upgrade this profession as a whole and it definitely would enhance the C. P. A. certificate as the history in other states has proven on legislation of this type.

This professional group of public accountants that I speak of desire to be licensed and brought under statutory regulation and are unselfish and dedicated to serving the general public and the profession

it wants to protect. However, there is only one drawback to L. D. 1649 as amended. The public accountants, so-called now, will be a dying class. Any person who meets the requirements of the board as a public accountant may register on or before the 30th of June 1969.

Also, applicants will have until the 30th day of June 1974 to make final application. After that date, honorable members of this Body, this field will be closed entirely to any future public accountant practitioner. The only ones authorized to practice and use the name public accountant will be those registered as of June 30th, 1974.

Some of the remarks conveyed to me by public accountants are as follows: If the C.P.A.'s are to be the only recognized accountants in the State of Maine, many problems will be created at the expense of the citizens of this State; namely, the C.P.A. group would have a monopoly on all accounting and our Maine citizens would all become their prey. The second remark, there are not enough C.P.A.'s in this State to do all the work and most have all the work they can handle on their own time presently. If they become the Caesar of this profession many things would happen as a result. Among them might be the lowering of the standard for the C.P.A. examinations; another might be short cutting their services and of course they would have to increase their own staff with men who are public accountants. In effect what the C.P.A.'s are saying is that the public accountant is not qualified to do the work now but would be qualified if he were working for them.

I'd like to read a portion of a letter received from a public accountant:

"I am reviewing with the anticipation of taking my C.P.A. examination this fall, I still am not in favor of L. D. now 1508.

"For your information I have been in the practice of Public Accountancy since 1948 and finally established my own full time accounting practice in February of 1958. For one thing, I sincerely believe that the practice of Public

Accountancy should be governed by C.P.A.'s and P.A.'s even though the C.P.A.'s try to give the public the impression that they are a 'Know - It - All' group. I firmly believe they have much to learn. If you will read national magazines and newspapers you will find, generally speaking, that it is the C.P.A. firms that are being sued for lack of diligent work performed. To me this speaks for itself."

A final remark voiced, "I believe in some governing body to protect the public, but cannot see how this would be accomplished by creating a C.P.A. monopoly."

Honorable Members of this Body, I have projected my ideas and those voiced by qualified public accountants here in the State of Maine. What do you think? Thank you.

The SPEAKER: The Chair recognizes the gentleman from Portland, Mr. Scribner.

Mr. SCRIBNER: Mr. Speaker and Ladies and Gentlemen of the House: This bill has been before the Legislature for the last several sessions. It was presented to the 100th, 101st, 102nd and the current session. It was heard by the Legal Affairs Committee or the Business Legislation Committee, or a combination of both, during those years.

Those who served on these two committees in the past will remember the long and stormy public hearings that were held then because the accountants themselves could not agree on the grandfather and registration provisions. This is similar to the situation that currently exists between the engineers and the surveyors who have not been able to agree on a registration law. However, this year there has been a difference regarding the accountants. At the public hearing on April 19, a compromise was suggested and the Business Legislation Committee asked the thirty-five to forty accountants at the hearing to stand if they supported the compromise. All of them stood up except one. Accordingly, the committee asked that a redraft be prepared which incorporated the compromise provisions. This was done and it re-

ceived the unanimous support of the Committee.

In the past few weeks I have received many letters supporting the compromise and members of the Committee have told me that they have also. A week ago, the gentleman from Lewiston, Mr. Minkowsky, told me that he received nineteen letters on one day supporting the compromise bill, and seven the following day, but not one letter opposed. My mail has indicated the same general trend. Unanimous support for any bill with grandfather and registration provisions is never possible, but in this case it is very high, I would estimate close to 100 percent support, at any rate 95 percent.

Briefly the grandfather and registration clauses are as follows: All public accountants, all CPA's and their staff employees in practice on the effective date, which will be sometime next September, will be grandfathered in. All Federal and State government general accountants and auditors may be grandfathered in and excused from paying the annual fees as long as they work for the government. This will give them a certificate in the event they retire or leave government service. Special provisions are made for those in the armed forces as well.

Under the future registration provisions, those who pass the C.P.A. exam will qualify and those who pass a special exam during the next seven years will also qualify. Those who come under the reciprocity provisions with other states will also qualify. This will provide an adequate supply in future years including the approximately four hundred persons who will be grandfathered in.

I think that we have before us today a fair bill that will protect everyone in the profession and the Committee reported it out unanimously "Ought to pass." The gentleman from Lewiston, Mr. Minkowsky, feels that it is not perfect, but I feel that it is a good, fair and adequate compromise that has taken nearly seven years to achieve. Thank you.

The SPEAKER: The pending question is the passage to be engrossed.

The Chair recognizes the gentleman from Brewer, Mr. Robertson.

Mr. ROBERTSON: Mr. Speaker and Ladies and Gentlemen of the House: We have before us today a compromise of two distinguished and eminent segments of the accounting profession of our business world. Both have expended a tremendous amount of time and effort to get a state regulation in this field. Several times in the past there has been a concerted effort to pass a bill that would unify the Certified Public Accountant and the Public Accountant, but it never successfully got out of committee because these two groups could just not agree. Usually these attempts failed because of a lack of a concise and clear-cut explanation of the underlying reasons why adequate legislation is essential if this profession is to be upgraded. The passage of this bill will enhance the position of this worthwhile profession in the eyes of the public and assure them that their accounting problems will be in the hands of adequately experienced and competent men and women.

Now there are those who rely certainly on financial statements and reports and have a right to assume that the auditors who sign the reports have been required to demonstrate their competence under state law. Those who study financial data cannot be expected to investigate the individual qualifications of every accountant whose name appears on a balance sheet, income statement or other financial report, indicating that he is responsible and reliable.

Not only is it desirable, therefore, that accountants should be licensed and their activities regulated, but the states have a positive duty to set high standards to be met by those who would assume the heavy obligation of modern public accounting practice. Now it may be argued that neither the morals, the health, nor the safety of anyone is jeopardized by the practicing of this profession, however incompetent the practitioner may be. But it has been estab-

lished for many years that the police power of the State in such matters is not confined to the professions such as law and medicine, but also to other professions we go into, most every profession in the State of Maine, and certainly the accounting profession should not be excluded. It is a very fine profession and it has people in it who are qualified and competent and they want to keep the continual upgrading of this association.

I certainly must agree that this bill does not make all the members of the Public Accountants' Association happy, nor does it make all the members of the C.P.A.'s happy, but a high majority of each favors its enactment. At least for the first time these two organizations have come to somewheres near a common ground. So, Ladies and Gentlemen of this House, let's get this law regulating accountancy on the books; then it can be amended as may be required. If we do not take some action now, it may be years before there can exist an agreement that is anywheres near mutual as far as the compromise this bill presents.

This is needed state regulation, the culmination of hard work by both these competent organizations. We now have a single bill that is acceptable although not perfect. The report of the Committee is unanimous. Let's follow their respected opinion. Laws have been enacted in thirty-seven jurisdictions regarding accountancy practice. Why should the State of Maine be last? I ask for your support on this measure.

Thereupon, the Bill was passed to be engrossed and sent to the Senate.

The Chair laid before the House the seventh tabled and today assigned matter:

An Act relating to Guides Under Fish and Game Laws (H. P. 353) (L. D. 500)

Tabled—May 12, by Mr. Jannelle of Scarborough.

Pending — Passage to be enacted.

Thereupon, passed to be en-

acted, signed by the Speaker and sent to the Senate.

The Chair laid before the House the eighth tabled and today assigned matter:

Resolve to Reimburse Marguerite Spohrer of York for Well Damage Resulting from Use of Salt on Route 1 (H. P. 93) (L. D. 121)

Tabled—May 12, by Mrs. Fuller of York.

Pending—Final Passage.

On motion of Mrs. Fuller of York, retabled pending final passage and specially assigned for Thursday, May 18.

The Chair laid before the House the ninth tabled and today assigned matter:

HOUSE REPORT—Ought Not to Pass—Committee on Education on Bill "An Act Providing an Education Loan Fund for the Higher Education of Teachers" (H. P. 626) (L. D. 882)

Tabled—May 12, by Mr. Shute of Farmington.

Pending—Motion of Mr. Pendergast of Kennebunkport to substitute Bill for Report.

Thereupon, the Bill was substituted for the "Ought not to pass" Report and given its two several readings and assigned for third reading tomorrow.

The Chair laid before the House the tenth tabled and today assigned matter:

Bill "An Act Increasing Minimum Wages" (S. P. 48) (L. D. 38) (In Senate, passed to be engrossed as amended by Committee Amendment "A" (S-68))

Tabled—May 12, by Mr. Birt of East Millinocket.

Pending — Passage to be engrossed.

On motion of Mr. Soulas of Bangor, the House voted to suspend the rules and to reconsider its action of May 5 whereby Committee Amendment "A" was adopted.

The same gentleman then offered House Amendment "A" to Committee Amendment "A" and moved its adoption.