HISTORY OF PUBLIC ACCOUNTING LEGISLATION IN SOUTH DAKOTA

The first public accounting legislation in South Dakota was enacted by the legislature in 1917. This legislation was of the permissive type and provided for the issuance of CPA certificates to those who met the requirements, which included passing a two and one-half day written examination in accounting practice, theory, auditing and commercial law. The first CPA certificate was issued to C. C. Crandall in Sioux Falls.

In 1939 an attempt was made to enact a regulatory type of law which would require all public accountants to be licensed and continuing the issuance of CPA certificates to those who met the requirements of education, experience and written examinations. This bill failed to pass, and it was not until 1961 that another attempt to enact regulatory legislation was successful. In essence, the 1961 Accountancy Law provided:

1. For an enlarged accountancy board consisting of three CPAs, one P.A. and the state comptroller to take office on July 1, 1961.
2. After July 1, 1961, public accounting work was to be done only by licensed practitioners with the initial licenses granted to practitioners who were CPAs or who had one year of experience in public accounting.
3. Licenses granted to public accountants applying after July 1, 1962, were dependent upon residence, citizenship, age, character and educational qualifications of the applicant.
4. Requirements for granting the CPA certificate after July 1, 1962, consisted of holding a license issued by the board, one year's experience in public accounting and passing a written examination in accounting theory, practice, auditing, and commercial law.

South Dakota became the thirty-fourth state to adopt regulatory legislation.

The 1971 legislature enacted legislation to authorize professional corporations for the practice of accounting.

The 1973 legislature enacted legislation authorizing the State Board of Accountancy to require continuing education as a requisite for license renewal and stipulated that failure to comply with this requirement may form the basis for revocation of license and certificate.

The 1977 legislature enacted legislation setting forth definitions of terminology used in the accountancy statutes and the rules and regulations of the board.

In 1984 legislature, Chapter 36-20 of South Dakota Codified Laws covering provisions of law dealing with the licensing of public accountants was repealed by the passage of House Bill 1187. This bill was signed into law and became SDCL 36-20A effective July 1, 1984. Major points in the new law include:

1. The "two-tier" system was implemented, with the CPA certificate being issued upon successful completion of the CPA exam; and a permit to practice being issued upon completion of an exam in professional ethics and the minimum experience requirement.

2. Requirements for the CPA certificate are good character, education and examination. There is no residency requirement.
3. The minimum experience requirement to practice as a CPA was increased from one to two years in public accounting.
4. No new Public Accountant licenses will be issued.
5. Continuing education requirements were upgraded from the previous 96 hours to 120 hours in the three-year renewal cycle.
6. Provision was made for the Board of Accountancy to implement a quality review program for licensees.

In 1992 legislature, Senate Bill 25 was submitted to increase the educational requirement for a South Dakota CPA certificate to 150 semester hours. In cooperation with the South Dakota CPA Society, the bill was drafted and distributed to educators, legislators and other interested parties. Due to these efforts, the bill was passed with no opposition. It was effective January 1, 1998.

In 1999 legislature, House Bill 1058 was passed, enacting a provision requiring certificate holders, who do not hold individual permits to practice, who live or work in South Dakota and who wish to use the CPA designation, to renew or register their certificates on an annual basis. It was effective July 1, 1999. Individuals holding certificates issued by the South Dakota Board are required to renew their certificates and those holding certificates issued by another state are required to register if they wish to use the CPA designation. This provision was the result of emerging changes in the profession, which allow individuals in private industry, government or other areas to use their designation as a credential.

In 2002 legislature, Chapter 36-20A of South Dakota Codified Laws covering provisions of law dealing with the licensing of public accountants was repealed by the passage of Senate Bill 50. This bill was signed into law and become SDCL 36-20B effective July 1, 2002. Major points in the new law include:

1. Enacting provisions of the Uniform Accountancy Act (UAA), which was developed by the American Institute of CPAs (AICPA) and the National Association of State Boards of Accountancy (NASBA). Provisions of the UAA promote substantial equivalency and uniformity in the accounting laws which facilitate ease of mobility across states and greater protection to the public in the rapidly changing marketplace of the profession.
2. Allowing non-CPA ownership in CPA firms.
3. Eliminated the two-tier licensing system which required the CPA Exam be passed for a certificate followed by two years of public accounting experience for a permit to practice. Now, because of eliminating the two-tier licensing system, anyone taking and passing the CPA Exam with one year experience in private industry, public accounting, or a government agency would be eligible for a permit to be licensed to practice.
4. Provided for a single experience requirement for all CPA's regardless of whether they are in public practice, private industry, or working for a governmental agency. Thus, this bill removes the barrier of the experience for a permit to practice to be gained in public accounting only and further requiring a set amount of hours be obtained

specifically in audit, compilation and/or reviews limiting those working in private industry from gaining the experience necessary for a permit to practice and it allows for the experience to also be gained through working in private industry.

In November 2003, a rule change was approved by the Legislative Rules Review Committee to carry out the functions of the new computerized "Uniform CPA Examination" to be implemented April 5, 2004.

In June 2009, a rule change was approved by the Legislative Rules Review Committee to allow the submission of online renewals to be implemented June 15, 2009 with the renewal process.

In 2009 legislature, House Bill 1058 was passed, revising practice privileges for CPAs licensed in other states. Previously, CPAs desiring to practice in multiple states faces regulatory burdens which required them to obtain a license or file notification with each state and comply with various other requirements of each state. This bill implemented the concept of mobility for CPAs whereby a CPA holding a license in good standing in another state could practice in South Dakota without obtaining a license or filling notification in this state. Individuals exercising such practice privileges in this state are still subject to disciplinary action for violations of the accountancy laws of this state. Additionally, a firm performing certain attest work in this state would still be required to obtain a South Dakota firm permit and undergo peer review. In cooperation with the South Dakota CPA Society, to educate license holders, legislators, and other interest parties, the bill passed with no opposition. House Bill 1058 was effective July 1, 2009.

In 2013 legislature, Senate Bill 63 was passed, revising the requirements for certified public accountant firms licensed in South Dakota. The bill allowed rules to create a tier-based system for firm fees. This change streamlined the firm licensure process, by simplifying reporting measures and removing multiple office location fees. The new firm fee structure would now be based on the number of owners in the firm instead of the number of CPA employees. In cooperation with the South Dakota CPA Society, to educate license holders, legislators, and other interest parties, the bill passed with no opposition. Senate Bill 63 was effective July 1, 2013.

In May 2013, rule changes were approved by the Legislative Rules Review Committee to specify the new firm fee structure to coincide with the approved Senate Bill 63. The rules became effective July 1, 2013.