

September 28, 2006

The Honorable Rod R. Blagojevich, Governor of Illinois
Office of the Governor
207 State House
Springfield, IL 62706

RE: Illinois Public Accountancy Act; Registration requirement

Dear Governor Blagojevich:

On behalf of the more than 330,000 members of the American Institute of CPAs (AICPA) we would like to take this opportunity to express our serious concerns about a provision of the Illinois Public Accountancy Act scheduled to take effect on October 1, 2006. Specifically, we are alarmed by a new requirement that would impose registration requirements with the Illinois Department of Financial and Professional Regulation (IDFPR) on licensed CPAs from other states.

We applaud the Illinois legislature in passing Public Act 93-683 (SB 2108) and support many of the important changes made to the regulation and licensing of CPAs in the state of Illinois. However, we believe that provisions of the subsequent regulations have severe and unintended consequences for consumers and the licensed CPAs who provide services to them.

Most onerous is the provision that, as we understand it, would require an out-of-state CPA who prepares and signs an Illinois tax return on behalf of a client to register with the IDFPR, acquire a temporary practice privilege or obtain full licensure as a CPA in the state of Illinois, regardless of whether the CPA or client ever enters the state. Not complying with this requirement would violate the Illinois' accountancy laws. In addition to subjecting the CPA to discipline in Illinois, it could potentially put the CPA in jeopardy with their home state of licensure. Thousands of CPAs from across the country could be impacted by this situation.

The AICPA recognizes and supports the intent of the law and subsequent regulations which were to enhance consumer protection, while at the same time allow for greater mobility for out-of-state CPAs who provide professional services in Illinois. However, based on the volume of calls we are receiving from members from across the country expressing concern about the burden created by the new requirement as well as the confusion that has resulted in trying to interpret the regulations, we question the approach and the implementation that is being proposed by IDFPR.

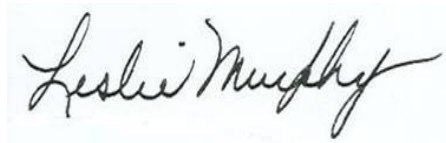
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As we look at the new Illinois requirement from a national perspective, we are concerned that this approach is considerably different from those that exist in other states, and from the regulatory framework developed jointly by the AICPA with the National Association of State Boards of Accountancy (NASBA) in the model Uniform Accountancy Act (UAA). Section 23 of the UAA defines the concept of substantial equivalency, which eliminates the requirement for individual CPAs who practice across state lines to obtain an additional reciprocal or temporary license if they hold a valid license from another substantially equivalent state. At a time when states across the country are working to eliminate barriers for CPAs by embracing the concept of substantial equivalency, Illinois' approach is putting new and additional obstacles in place.

The uncertainty of compliance with the new requirement and the timing of the October 1st implementation, coupled with the October 16th final tax return deadline for taxpayers who obtained an extension of the April 15, 2006 filing date has created a untenable situation. We support the efforts of the Illinois CPA Society to delay the effective date of the new registration provision until a more permanent and workable solution can be reached.

We appreciate your consideration of our concerns. Please feel free to contact us if we can provide additional information or further assistance.

Sincerely,



Leslie Murphy, CPA
Chairman, AICPA Board of Directors



Barry C. Melancon, CPA
President & CEO, AICPA

cc: Director Daniel Bluthardt, Director, Illinois Department of Financial and Professional Regulation
State CPA Societies