



# LAWS OF ALASKA

**2006**

**Source**  
CSSSHB 274(FIN)

**Chapter No.**  
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## AN ACT

Relating to the practice of accounting; and providing for an effective date.

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**BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

THE ACT FOLLOWS ON PAGE 1



## AN ACT

1 Relating to the practice of accounting; and providing for an effective date.

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3 \* **Section 1.** AS 06.26.020(a)(9) is amended to read:

4 (9) has a certified public accountant license [CERTIFICATE] issued  
5 under AS 08.04.105 or 08.04.195 [AS 08.04], the person is acting within the scope of  
6 the license [CERTIFICATE], and the person and any accounting firm of the person  
7 are not trustees of more trusts than the number established for the person and  
8 accounting firm by the department by regulation or order; in this paragraph,  
9 "accounting firm" means a partnership, a professional corporation organized under  
10 AS 10.45, or another association organized for the practice of public accounting and in  
11 which the person practices public accounting;

12 \* **Sec. 2.** AS 08.04.005 is amended to read:

13 **Sec. 08.04.005. Purpose.** It is the policy of the state and the purpose of this  
14 chapter to promote the reliability of information that is used for guidance in financial  
15 transactions or assessing the financial status or performance of commercial,

1 noncommercial, and governmental enterprises. The public interest requires that

2 (1) persons professing special competence in accountancy or who offer  
3 assurance as to the reliability or fairness of presentation of financial information  
4 should demonstrate their qualifications to do so, and that persons who have not  
5 demonstrated and maintained adequate qualifications should not be permitted to hold  
6 themselves out as having special competence or to offer assurance about their actions;

7 (2) the professional conduct of persons licensed as having special  
8 competence in accountancy should be regulated in all aspects of the practice of public  
9 accounting [ACCOUNTANCY];

10 (3) a public authority competent to prescribe and assess the  
11 qualifications and to regulate the professional conduct of practitioners of public  
12 accounting [ACCOUNTANCY] should be established; and

13 (4) the use of titles relating to the practice of public accounting  
14 [ACCOUNTANCY] that are likely to mislead the public as to the status or  
15 competence of the persons using these titles should be prohibited.

16 \* **Sec. 3.** AS 08.04.020(b) is amended to read:

17 (b) Except for public members, an individual [NO ONE] may not be  
18 appointed unless the individual holds [WHO DOES NOT HOLD] a current  
19 [CERTIFICATE OR] license [AND WHO IS NOT ELIGIBLE TO RECEIVE  
20 PERMITS UNDER THIS CHAPTER]. Public members may not be employed by a  
21 person holding a license, permit, or practice privilege [LICENSED] under this  
22 chapter [OR BY A BUSINESS ENTITY HOLDING A PERMIT UNDER THIS  
23 CHAPTER]. Notwithstanding AS 08.01.025, an accountant who does not hold a  
24 license [IS NOT CERTIFIED OR LICENSED] under this chapter and is not engaged  
25 in the practice of public accounting [ACCOUNTANCY] in violation of this chapter is  
26 eligible for appointment as a public member under this section.

27 \* **Sec. 4.** AS 08.04.030 is amended to read:

28 **Sec. 08.04.030. Removal of members.** The governor shall remove any  
29 member of the board whose [CERTIFICATE OR] license has been revoked or  
30 suspended. The governor may, after hearing, remove any member for neglect of duty  
31 or other just cause.

1       \* **Sec. 5.** AS 08.04 is amended by adding a new section to read:

2                   **Sec. 08.04.075. Substantial equivalency.** Upon request of an applicant for a  
3 practice privilege under AS 08.04.420(a), or on the board's own motion, the board  
4 shall determine whether the qualifications of another state or the applicant are  
5 substantially equivalent to the national standard or to another standard established by  
6 the board to protect the public interest. The board may adopt by regulation the  
7 qualifications established by a nationally recognized professional organization for  
8 accountants as the national standard or for another standard established by the board to  
9 protect the public interest. The board may accept the determination of a nationally  
10 recognized professional organization for accountants of whether the qualifications of  
11 the other state or the applicant are substantially equivalent to the national standard or  
12 to another standard established by the board to protect the public interest.

13       \* **Sec. 6.** AS 08.04.080 is amended to read:

14                   **Sec. 08.04.080. Adoption of rules.** The board may adopt rules of professional  
15 conduct to establish and maintain a high standard of integrity and dignity in the  
16 profession of public accounting [ACCOUNTANCY]. At least 60 days before  
17 [PRIOR TO] the adoption of any rule or amendment, the board shall mail copies of the  
18 proposed rule or amendment together with a notice of its effective date [BY  
19 CERTIFIED MAIL, WITH RETURN RECEIPT REQUESTED,] to each holder of a  
20 license or permit issued under this chapter to the address of the license or permit  
21 holder last known to the board.

22       \* **Sec. 7.** AS 08.04 is amended by adding a new section to article 1 to read:

23                   **Sec. 08.04.085. Regulations regarding attest functions.** Under AS 08.04.080,  
24 the board shall adopt regulations that identify what activities constitute attest  
25 functions. To identify activities as attest functions, the board may adopt the criteria  
26 established by a nationally recognized professional organization for accountants.

27       \* **Sec. 8.** AS 08.04.100 is amended to read:

28                   **Sec. 08.04.100. Certificate granted.** The certificate of "Certified Public  
29 Accountant" shall be granted by the board to any person who meets the requirements  
30 of AS 08.04.110 - 08.04.130. The holder of a certificate issued under this section is  
31 not authorized to engage in the practice of public accounting in the state unless

1                   **the holder also has a current license, permit, or practice privilege issued under**  
2                   **this chapter.**

3                   \* **Sec. 9.** AS 08.04 is amended by adding a new section to read:

4                   **Sec. 08.04.105. License for individual to practice as a public accountant.**

5                   (a) The board shall issue a license to engage in the practice of public accounting to an  
6                   individual who meets the requirements of AS 08.04.110 - 08.04.130. The license is  
7                   valid for the remainder of the biennial licensing period during which the initial license  
8                   was granted.

9                   (b) The board may renew a license granted under this section if the licensee

10                   (1) maintains all of the licensee's offices as required by AS 08.04.360 -  
11                   08.04.380;

12                   (2) complies with the continuing education requirements of  
13                   AS 08.04.425 and the quality review requirements of AS 08.04.426; and

14                   (3) complies with the requirements of this chapter.

15                   \* **Sec. 10.** AS 08.04.110 is amended to read:

16                   **Sec. 08.04.110. Personal requirements.** An applicant for **a** [THE] certified  
17                   public accountant **license** [CERTIFICATE] shall be at least 19 years of age and of  
18                   good moral character.

19                   \* **Sec. 11.** AS 08.04.120 is amended to read:

20                   **Sec. 08.04.120. Educational and experience requirements.** (a) The education  
21                   and experience requirements for an applicant are [AS FOLLOWS:

22                   (1)] a baccalaureate degree or its equivalent conferred by a college or  
23                   university acceptable to the board and additional semester hours of post-baccalaureate  
24                   study so that the total educational program includes at least 150 hours, with an  
25                   accounting concentration or equivalent as determined by the board by regulation to be  
26                   appropriate, and two years of accounting experience satisfactory to the board [; OR

27                   (2) A BACCALAUREATE DEGREE OR ITS EQUIVALENT  
28                   CONFERRED BY A COLLEGE OR UNIVERSITY ACCEPTABLE TO THE  
29                   BOARD AND ADDITIONAL SEMESTER HOURS OF POST-BACCALAUREATE  
30                   STUDY SO THAT THE TOTAL EDUCATIONAL PROGRAM INCLUDES AT  
31                   LEAST 150 HOURS, AND THREE YEARS OF ACCOUNTING EXPERIENCE

SATISFACTORY TO THE BOARD].

(b) Notwithstanding (a) of this section, the board may grant a **license** [CERTIFICATE] to an applicant who has not completed the 150-hour educational program required by (a) of this section if the applicant has received a baccalaureate degree, or its equivalent, before January 1, 2001, from a college or university acceptable to the board, and if the applicant satisfies the other criteria established by the board by regulation for receiving the **license** [CERTIFICATE].

\* **Sec. 12.** AS 08.04.130 is amended to read:

**Sec. 08.04.130. Examination.** An applicant shall pass an examination in accounting and reporting, in auditing, and in other related subjects that the board determines appropriate. The examination shall be designated in advance by the board as the examination for the **license** [CERTIFICATE] of certified public accountant. The board shall use the Uniform Certified Public Accountant Examination of the American Institute of Certified Public Accountants and the institute's advisory grading service, if available. The board shall, by regulation, establish what constitutes a passing grade on the examination for purposes of licensure under **AS 08.04.105 - 08.04.240** [AS 08.04.100 - 08.04.240].

\* **Sec. 13.** AS 08.04.180 is amended to read:

**Sec. 08.04.180. Prior applicants.** An applicant who, before April 26, 1960, applied to take an examination for the certificate of certified public accountant, or held a valid license as a public accountant, or was regularly enrolled in a college or correspondence course in accounting, or a person whose registration under this chapter is accepted by the board, shall receive a license [CERTIFICATE] when the applicant has met either the requirements of this chapter, or the requirements that were effective at the time the applicant's first application was filed, at the option of the applicant.

\* **Sec. 14.** AS 08.04.195 is amended to read:

Sec. 08.04.195. Reciprocity with other states [JURISDICTIONS]. (a) Notwithstanding AS 08.04.110 - 08.04.190 [AS 08.04.100 - 08.04.130], the board may issue a license to engage in the practice of public accounting [CERTIFICATE] to an applicant who holds a license [CERTIFICATE], or its equivalent, issued by another state [JURISDICTION] if the applicant

(1) passed the Uniform Certified Public Accountant Examination of the American Institute of Certified Public Accountants in order to receive the applicant's initial **license** [CERTIFICATE] from the **other state** [JURISDICTION];

(2) has four [FIVE] years of experience outside the state in the practice of public accounting or meets equivalent requirements established by the board by regulation; the four [FIVE] years must occur after the applicant passes the examination required in (1) of this subsection and within the 10 years immediately preceding the applicant's application under this chapter;

(3) is not the subject of review procedures, disciplinary proceedings, or unresolved complaints related to the applicant's **license** [CERTIFICATE] from another **state** [JURISDICTION]; and

(4) is of good moral character.

(b) An applicant for the initial issuance of a license [CERTIFICATE] under this section shall list in the application all states where the applicant has applied for or holds a license [CERTIFICATE], or its equivalent, and shall notify the board in writing within 30 days after a denial, revocation, or suspension of a license [CERTIFICATE], or the [ITS] equivalent, by another state [JURISDICTION].

(c) The board may by regulation establish the education and continuing education requirements for the issuance of a **license** [CERTIFICATE] under this section.

\* **Sec. 15.** AS 08.04.195 is amended by adding a new subsection to read:

(d) The board may renew a license issued under this section if the licensee

(1) maintains all of the licensee's offices as required by AS 08.04.360 - 08.04.380;

(2) complies with the continuing education requirements established under (c) of this section; and

(3) complies with the requirements of this chapter.

\* Sec. 16, AS 08.04.200 is amended to read:

**Sec. 08.04.200. Use of title "certified public accountant" by individual. An individual [A PERSON] who has [RECEIVED] a license [CERTIFICATE] from the board as a certified public accountant or [AND WHO] holds a practice privilege or**

1        an out-of-state permit [CURRENT PERMIT ISSUED] under AS 08.04.420  
2        [AS 08.04.390 - 08.04.440] shall be known as a certified public accountant and may  
3        use the abbreviation "CPA."

4        \* **Sec. 17.** AS 08.04.210 is amended to read:

5                **Sec. 08.04.210. Effect on [EXISTING] certificates existing on April 26, 1960.** A person who, on April 26, 1960, held a certificate as a certified public  
6        accountant issued under the laws of the Territory or State of Alaska is not required to  
7        obtain a license [CERTIFICATE] under this chapter but is otherwise subject to this  
8        chapter. Certificates issued before April 26, 1960, shall be considered licenses  
9        [CERTIFICATES] issued under this chapter.

10        \* **Sec. 18.** AS 08.04.240 is amended to read:

11                **Sec. 08.04.240. Application [REGISTRATION] of partnerships, limited liability companies, [AND] corporations, and other legal entities for permits [COMPOSED OF CERTIFIED PUBLIC ACCOUNTANTS].** (a) The board shall grant a permit to engage in the practice of public accounting as a partnership to a [A] partnership that applies to [ENGAGED IN THIS STATE IN THE PRACTICE OF PUBLIC ACCOUNTING MAY REGISTER WITH] the board as a partnership of certified public accountants if the partnership [IT] meets the following requirements:

12                        (1) at least one general partner shall [MUST] be a certified public accountant of this state in good standing;

13                        (2) each partner shall [MUST] be a certified public accountant of some state in good standing; and

14                        (3) except as otherwise provided in this chapter, each resident manager in charge of an office of a partnership [FIRM] in this state [,] and each partner personally engaged in this state in the practice of public accounting as a member of that partnership shall [FIRM MUST] be a certified public accountant of this state in good standing.

15                        (b) The board shall grant a permit to engage in the practice of public accounting as a corporation to a [A] corporation organized for the practice of public accounting that applies to [MAY REGISTER WITH] the board as a corporation of certified public accountants if the corporation [IT] meets the following requirements:

(1) the sole purpose and business of the corporation must be to furnish to the public services not inconsistent with this chapter or the regulations adopted under it by the board; however, the corporation may invest its funds in a manner not incompatible with the practice of public accounting;

(2) each shareholder of the corporation shall [MUST] be a certified public accountant of some state in good standing and must be principally employed by the corporation or actively engaged in its business; no other person may have any interest in the stock of the corporation; the principal officer of the corporation and any officer or director having authority over the practice of public accounting by the corporation must be a certified public accountant of some state in good standing;

(3) at least one shareholder of the corporation shall [MUST] be a certified public accountant of this state in good standing;

(4) except as otherwise provided in this chapter, each resident manager in charge of an office of the corporation in this state and each shareholder or director personally engaged in this state in the practice of public accounting must be a certified public accountant of this state in good standing;

(5) to facilitate compliance with the provisions of this section relating to the ownership of stock, there must be a written agreement binding the corporation or the qualified shareholders to purchase shares offered for sale by, or not under the ownership or effective control of, a qualified shareholder and binding a holder not a qualified shareholder to sell these shares to the corporation or the qualified shareholders; the agreement must be noticed on each certificate of corporate stock; the corporation may purchase any amount of its stock for this purpose, notwithstanding any impairment of capital, so long as one share remains outstanding;

(6) the corporation shall [MUST] be in compliance with those other regulations pertaining to corporations practicing public accounting in this state that the board may adopt.

(c) **Application** [REGISTRATION APPLICATION] for **a permit under this section** [REGISTRATION] shall be made upon the affidavit of a general partner, member, or shareholder who is a certified public accountant of this state in good standing. The board shall, in each case, determine whether the applicant is eligible for

1        **a permit under this section** [REGISTRATION]. A partnership, limited liability  
2        company, [OR] corporation, **or other legal entity** that is **issued a permit under this**  
3        **section** [SO REGISTERED AND THAT HOLDS A PERMIT ISSUED UNDER  
4        AS 08.04.400] may use the words "certified public accountants" or the abbreviation  
5        "CPAs" in connection with **the name of the** [ITS] partnership, limited liability  
6        company, **corporation**, or **other legal entity** [CORPORATE NAME]. **The**  
7        [NOTIFICATION SHALL BE GIVEN THE] board **shall be notified** within one  
8        month after the admission or withdrawal of a partner, member, or shareholder from a  
9        partnership, limited liability company, [OR] corporation, **or other legal entity issued**  
10        **a permit** [REGISTERED] under this section.

11        (d) **The board shall grant a permit to engage in the practice of public**  
12        **accounting as a limited liability company to a** [A] limited liability company  
13        engaged in this state in the practice of public accounting **that applies to** [MAY  
14        REGISTER WITH] the board as a limited liability company of certified public  
15        accountants if

16                (1) **the** [THE] sole purpose and the sole business of the company are to  
17        furnish to the public services that are consistent with this chapter or the regulations  
18        adopted under this chapter, except that the company may invest its money in a manner  
19        that is compatible with the practice of public accounting;

20                (2) at least one member is a certified public accountant of this state in  
21        good standing;

22                (3) each member of the company is a certified public accountant in  
23        good standing of this or another state of the United States; and

24                (4) except as otherwise provided in this chapter, each resident manager  
25        in charge of an office of the company in this state and each member personally  
26        engaged in this state in the practice of public accounting are certified public  
27        accountants of this state in good standing.

28        \* **Sec. 19.** AS 08.04.240 is amended by adding new subsections to read:

29                (e) The board may grant a permit to engage in the practice of public  
30        accounting to a legal entity, other than a partnership, corporation, or limited liability  
31        company, if the legal entity applies to the board on a form provided by the board and

1 satisfies other application requirements and conditions for the legal entity that are  
2 established by the board by regulation to protect the public interest.

3 (f) An initial permit issued under (a), (b), (d), or (e) of this section lasts for the  
4 remainder of the biennial licensing period during which the initial permit was granted.

5 (g) The board shall renew a permit granted under (a), (b), (d), or (e) of this  
6 section or a renewal issued under this subsection if

7 (1) the permittee maintains all of the licensee's offices as required by  
8 AS 08.04.360 - 08.04.380;

9 (2) each individual who is required by (a), (b), (d), or (e) of this section  
10 to be a certified public accountant complies with the continuing education  
11 requirements of AS 08.04.425 and the quality review requirements of AS 08.04.426;  
12 and

13 (3) the permittee complies with the requirements of this chapter.

14 (h) A partnership holding a permit issued under former AS 08.04.330 -  
15 08.04.340 on June 29, 1980, qualifies for a permit under this section as long as each  
16 partner personally engaged in the practice of public accounting in this state holds a  
17 license or permit under AS 08.04.661.

18 \* **Sec. 20.** AS 08.04.360 is amended to read:

19 **Sec. 08.04.360. Supervision required.** Each office established or maintained  
20 in this state for the practice of public accounting shall be under the direct supervision  
21 of an individual [A PERSON] in residence who holds a license or a practice  
22 privilege [PERMIT UNDER AS 08.04.390 - 08.04.440]. The supervisor may be  
23 [EITHER] a sole proprietor, partner, principal, member, or staff employee. A  
24 supervisor may serve in this capacity at one office only.

25 \* **Sec. 21.** AS 08.04.370 is amended to read:

26 **Sec. 08.04.370. Use of title "certified public accountant" by**  
27 **[REGISTERED] office of organization.** The title "certified public accountant" or the  
28 abbreviation "CPA" may not be used in connection with an office of an organization  
29 holding a permit [REGISTERED] under AS 08.04.240 or 08.04.420(c) [THIS  
30 CHAPTER] unless the supervision requirement of [PERSON IN RESIDENCE  
31 REQUIRED BY] AS 08.04.360 is satisfied [A CERTIFIED PUBLIC

1 ACCOUNTANT IN THIS STATE].

2 \* **Sec. 22.** AS 08.04.380 is amended to read:

3 **Sec. 08.04.380. Waiver of requirements.** The board may waive the  
4 requirements of AS 08.04.240(a)(3), (b)(4), and (d)(4), and 08.04.360 and 08.04.370 if  
5 (1) the community has a population of 2,000 or less; and  
6 (2) the individual, partnership, corporation, limited liability  
7 company, or other legal entity that opens [FIRM OPENING] or maintains  
8 [MAINTAINING] the office maintains another office in the state that meets the  
9 requirements outlined in AS 08.04.360 and 08.04.370.

10 \* **Sec. 23.** AS 08.04.410 is amended to read:

11 **Sec. 08.04.410. Inactive [CERTIFICATE OR] license for person not**

12 engaged in practice. Notwithstanding AS 08.04.105 or 08.04.195, an individual [A

13 PERSON] holding a [CERTIFICATE OR] license who is not engaged in the practice

14 of public accounting may maintain the [CERTIFICATE OR] license in good standing

15 by notifying [REGISTERING WITH] the board that the individual is inactive and

16 paying the required [REGISTRATION] fee.

17 \* **Sec. 24.** AS 08.04.420 is repealed and reenacted to read:

18 **Sec. 08.04.420. Practice privileges and out-of-state permits.** (a) An

19 individual whose principal place of business is in another state who is authorized to

20 practice public accounting in the other state but who is not licensed under

21 AS 08.04.105 or 08.04.195 may engage in the practice of public accounting in this

22 state under an out-of-state practice privilege if

23 (1) the individual submits to the board

24 (A) an application on a form provided by the board; and

25 (B) any fee required by the board; and

26 (2) the board

27 (A) verifies the individual's current authorization to practice

28 public accounting in the other state; and

29 (B) determines under AS 08.04.075 that

30 (i) the qualifications required by the other state are

31 substantially equivalent to the national standard or to another standard

established by the board to protect the public interest; or

(ii) the individual's qualifications are substantially equivalent to the national standard or to another standard established by the board to protect the public interest.

(b) Notwithstanding (a) of this section, an individual who has satisfied (a)(1) of this section may engage in the practice of public accounting in this state while the board is making the verification and determinations under (a)(2) of this section. If the board denies a practice privilege under (a) of this section, the individual shall stop engaging in the practice of public accounting in this state when the individual receives the notice provided by the board under (d) of this section.

(c) A partnership, corporation, limited liability company, or other legal entity whose principal place of business is in another state, that is authorized to practice public accounting in the other state, and that does not have a permit under AS 08.04.240 may engage in the practice of public accounting in this state under an out-of-state permit if the practice does not involve opening an office in this state and if the partnership, corporation, limited liability company, or other legal entity

(1) submits to the board

(A) a written notice on a form provided by the board;

(B) the fee required by the board; and

(C) verification of the current authorization of the partnership, corporation, limited liability company, or other legal entity to practice public accounting in the other state; and

(2) satisfies any other requirements that the board establishes by regulation to protect the public interest.

(d) If the board denies an individual a practice privilege under (a) of this section or denies a partnership, corporation, limited liability company, or other legal entity an out-of-state permit under (c) of this section, the board shall provide notice of the denial to the individual, partnership, corporation, limited liability company, or other legal entity.

(e) If a person engages in the practice of public accounting under an out-of-state permit authorized by (c) of this section, the permit does not authorize an

1 individual who is working for the person to hold the individual out to the public as  
2 available to provide public accounting work in the state.

3 (f) Notwithstanding AS 08.01.100(b), the board shall establish by regulation  
4 how long a practice privilege authorized by (a) of this section and an out-of-state  
5 permit authorized by (c) of this section last before they expire and require renewal,  
6 except that the initial term of a practice privilege and an out-of-state permit may not  
7 exceed three years. The board may renew a practice privilege or an out-of-state permit  
8 and shall establish by regulation the terms for and length of a renewal.

9 (g) An individual, partnership, corporation, limited liability company, or other  
10 legal entity that engages in the practice of public accounting under this section

11 (1) consents to the jurisdiction and disciplinary authority of the board;  
12 (2) agrees to comply with state law, including the regulations adopted  
13 by the board; and

14 (3) consents to the appointment of the board as the person's agent for  
15 the service of process upon whom process may be served in an action or a proceeding  
16 against the individual, partnership, corporation, limited liability company, or other  
17 legal entity arising out of a transaction or an operation connected with or incidental to  
18 public accounting services performed by the individual, partnership, corporation,  
19 limited liability company, or other legal entity while engaging in the practice of public  
20 accounting in this state.

21 \* **Sec. 25.** AS 08.04 is amended by adding a new section to read:

22 **Sec. 08.04.423. Competency requirement after licensing.** If, at any time  
23 after receiving a license, a licensee decides to perform attest functions, the licensee  
24 shall meet the competency requirements established by the board by regulation.

25 \* **Sec. 26.** AS 08.04.425 is amended to read:

26 **Sec. 08.04.425. Continuing education.** (a) The board shall by regulation  
27 prescribe requirements for continuing education for individuals with licenses  
28 [PERSONS LICENSED TO PRACTICE AS CERTIFIED PUBLIC  
29 ACCOUNTANTS] under this chapter. In adopting these regulations, the board may  
30 (1) use and rely upon guidelines and pronouncements with respect to  
31 continuing education issued by recognized educational and professional associations

in the field; and

(2) prescribe content, duration, and organization of courses or programs that will satisfy the continuing education requirements.

(b) Each [AFTER THE EXPIRATION OF TWO YEARS IMMEDIATELY FOLLOWING THE EFFECTIVE DATE OF REGULATIONS ADOPTED BY THE BOARD UNDER (a) OF THIS SECTION, EVERY] application for renewal of a license [PERMIT] to practice as a certified public accountant by an individual [A PERSON] who has held a license [CERTIFICATE] as a certified public accountant for two years or more shall be accompanied or supported by documents or other evidence indicating satisfaction of the continuing education requirements prescribed by the board during the two years immediately preceding the application.

(c) Failure by an applicant for renewal of a license [PERMIT TO PRACTICE] to furnish the evidence required under (b) of this section constitutes grounds for revocation, suspension, or refusal to renew the license [PERMIT] under AS 08.04.450 unless the board determines that failure to have been due to reasonable cause or excusable neglect. However, the board may renew a license [PERMIT TO PRACTICE] despite failure to furnish evidence of satisfaction of the continuing education requirements established under (a) of this section if the applicant agrees to follow a particular program or schedule of continuing education prescribed by the board.

(d) In adopting regulations under (a) of this section, or in issuing individual orders under (c) of this section, the board

(1) shall consider

(A) the accessibility of applicants to the continuing education courses or programs that it may require; and

(B) any impediments to interstate practice of public accounting [ACCOUNTANCY] that may result from differences in continuing education requirements prescribed by other states; and

(2) may relax or suspend the continuing education requirements

(A) for applicants who certify that they do not intend to engage in the practice of public **accounting** [ACCOUNTANCY]; or

(B) in instances of individual hardship.

\* **Sec. 27.** AS 08.04.426 is repealed and reenacted to read:

**Sec. 08.04.426. Quality review.** (a) The board may require as a condition for renewal of a license or a permit that the applicant for the renewal undergo a quality review conducted as required by the board by regulation.

(b) The quality review under (a) of this section must include verification that the reviewing individual meets the competency requirements set out in the professional standards established by the board for the services. In this subsection, "reviewing individual" means the individual who is responsible for supervising and signing off on or authorizing another individual to sign off on attest functions performed by the applicant.

(c) The board shall adopt the regulations under (a) of this section in a reasonable time before the regulations are scheduled to become effective.

(d) The regulations adopted under (a) of this section may require that

(1) an applicant demonstrate that the applicant has undergone a quality review that is a satisfactory equivalent to the quality review under (a) of this section;

(2) the quality reviews be subject to supervision by an oversight body established or approved by the board;

(3) the quality reviews be operated and the documents be maintained in a manner that is designed to preserve confidentiality; and

(4) the board or another person, except for the oversight body authorized by (2) of this subsection, may not access the documents furnished or generated in the course of the quality review.

(e) An oversight body required by (d)(2) of this section shall

(1) periodically report to the board on the effectiveness of the quality review program it is supervising; and

(2) provide the board with a list of the applicants who have participated in a quality review program that is satisfactory to the board.

\* **Sec. 28.** AS 08.04.440 is amended to read:

**Sec. 08.04.440. Effect of failure to obtain license, permit, or practice privilege.** Failure of an individual, partnership, limited liability company, [OR]

1 corporation, or other legal entity to apply for the required license, permit, or  
2 practice privilege [TO PRACTICE] or to pay the required fee within (1) three years  
3 from the expiration date of the license, permit, or practice privilege [TO PRACTICE  
4 OR REGISTRATION] last obtained or renewed, or (2) three years from the date  
5 [UPON WHICH] the person [CERTIFICATE HOLDER OR LICENSEE] was  
6 granted a [CERTIFICATE AS A CERTIFIED PUBLIC ACCOUNTANT OR] license  
7 or permit as a public accountant valid under AS 08.04.661 deprives the individual,  
8 partnership, limited liability company, [OR] corporation, or other legal entity of the  
9 right to a license, permit, or practice privilege [REGISTRATION] or renewal of a  
10 license, permit, or practice privilege unless the board determines that the failure is  
11 excusable. In case of excusable failure, the fee for a license, permit, or practice  
12 privilege [, REGISTRATION,] or renewal of a license, permit, or practice privilege  
13 under this section may not exceed three times one year's portion of the fee that would  
14 have otherwise been required for the license, permit, or practice privilege  
15 [REGISTRATION], or renewal.

16 \* **Sec. 29.** AS 08.04.450 is amended to read:

17                   **Sec. 08.04.450. Revocation or suspension of [CERTIFICATE,] license,**  
18 **practice privilege [REGISTRATION], or permit.** In addition to its powers under  
19 AS 08.01.075, the board may revoke [OR SUSPEND A CERTIFICATE OR  
20 LICENSE, OR MAY REVOKE], suspend, or refuse to renew a license, practice  
21 privilege, or [ANY] permit, or may censure a [ANY CERTIFICATE] holder of a  
22 license, practice privilege [, LICENSEE, REGISTRANT], or permit [HOLDER] for  
23                   (1) fraud or deceit in obtaining a [ANY CERTIFICATE,] license,  
24 **practice privilege [REGISTRATION], or permit required by this chapter;**  
25                   (2) dishonesty or gross negligence in the practice of public accounting,  
26 or other acts discreditable to the accounting profession;  
27                   (3) violation of a [ANY] provision of AS 08.04.500 - 08.04.610;  
28                   (4) violation of a rule of professional conduct or other regulation  
29 adopted by the board;  
30                   (5) conviction of a felony under the laws of any state or of the United  
31 States;

(6) conviction of any crime, an essential element of which is dishonesty or fraud, under the laws of any state or of the United States;

(7) cancellation, revocation, suspension, or refusal to renew authority to practice as a certified public accountant or public accountant in any other state for any cause other than failure to pay a required fee;

(8) suspension or revocation of the right to practice before any state or federal agency;

(9) failure [OF A CERTIFIED PUBLIC ACCOUNTANT] to satisfy the continuing education requirements prescribed by the board under AS 08.04.425, except as conditioned, relaxed, or suspended by the board under AS 08.04.425(c) and (d); [OR]

(10) failure [OF A CERTIFIED PUBLIC ACCOUNTANT] to satisfactorily complete **the supervision required by AS 08.04.423 or** a quality review requirement under AS 08.04.426; or

(11) committing an act in another state for which the holder of the license, practice privilege, or permit would be subject to discipline in this state [UNDER AS 08.04.426 EXCEPT AS CONDITIONED, RELAXED, OR SUSPENDED BY THE BOARD UNDER AS 08.04.426(b) - (d)].

\* **Sec. 30.** AS 08.04.470 is amended to read:

**Sec. 08.04.470. Revocation [OR SUSPENSION] of permit of partnership, limited liability company, corporation, or other legal entity [CORPORATE REGISTRATION OR PERMIT].** The board shall revoke the [REGISTRATION AND] permit [TO PRACTICE] of a partnership, limited liability company, [OR] corporation, or other legal entity if at any time it does not meet the qualifications prescribed by the sections of this chapter under which it qualified for the permit [REGISTRATION].

\* **Sec. 31.** AS 08.04.480 is amended to read:

Sec. 08.04.480. Grounds for revocation or suspension of permit of partnership, limited liability company, corporation, or other legal entity [CORPORATE PERMIT]. The board may revoke or suspend the [REGISTRATION AND] permit [TO PRACTICE] of a partnership, limited liability company, [OR]

1 corporation, or other legal entity, may revoke, suspend, or refuse to renew its permit  
2 [TO PRACTICE], or may censure the partnership, limited liability company, [OR]  
3 corporation, or other legal entity for any of the causes enumerated in AS 08.04.450  
4 [AND 08.04.460,] or for any of the following additional causes:

5 (1) the revocation or suspension of the [CERTIFICATE,] license [,] or  
6 practice privilege [REGISTRATION] of a [ANY] partner, a member, a [OR]  
7 shareholder, or, if the permittee is a legal entity other than a partnership,  
8 corporation, or limited liability company, an owner of the permittee;

9 (2) the revocation, suspension, or refusal to renew the permit [TO  
10 PRACTICE] of a [ANY] partner, a member, or a shareholder, or, if the permittee is  
11 a legal entity other than a partnership, corporation, or limited liability company,  
12 an owner of the permittee;

13 (3) the cancellation, revocation, suspension, or refusal to renew the  
14 authority of the partnership or any partner, the limited liability company or a member,  
15 [OR] the corporation or a shareholder, or the other legal entity to practice public  
16 accounting in another state for any cause other than failure to pay a required fee in that  
17 state.

18 \* **Sec. 32.** AS 08.04.490 is amended to read:

19 **Sec. 08.04.490. Reinstatement.** Upon application in writing and after a  
20 hearing, the board may issue a new license or practice privilege [CERTIFICATE] to  
21 an individual [A CERTIFIED PUBLIC ACCOUNTANT] whose license or practice  
22 privilege [CERTIFICATE] has been revoked, or may issue a new permit to a person  
23 [REREGRISTRATION OF ONE] whose permit [REGISTRATION] has been revoked,  
24 or may modify the suspension of or may reissue any [CERTIFICATE,] license,  
25 practice privilege, or permit to practice public accounting that has been revoked or  
26 suspended.

27 \* **Sec. 33.** AS 08.04.495 is amended to read:

28 **Sec. 08.04.495. Fees.** The Department of Commerce, Community, and  
29 Economic Development shall set fees under AS 08.01.065 for examinations,  
30 reexaminations, permits, licenses, and practice privileges [CERTIFICATES, AND  
31 REGISTRATIONS].

1       \* **Sec. 34.** AS 08.04.500 is amended to read:

2                   **Sec. 08.04.500. Individual posing as a certified public accountant.** (a) An  
3                   individual [A PERSON] may not assume or use the title or designation "certified  
4                   public accountant" or the abbreviation "CPA" or any other title, designation, word,  
5                   letter, abbreviation, sign, card, or device tending to indicate that the individual  
6                   [PERSON] is a certified public accountant, unless the individual [PERSON] has  
7                   received a license [CERTIFICATE, HOLDS A LIVE PERMIT,] and all of the  
8                   individual's [PERSON'S] offices in this state for the practice of public accounting are  
9                   maintained as required by AS 08.04.360 - 08.04.380.

10                  (b) This section does not prohibit an individual [A CERTIFIED PUBLIC  
11                  ACCOUNTANT] in good standing in any state holding a practice privilege  
12                  [PERMIT] under AS 08.04.420 from using the title "certified public accountant." [.]

13       \* **Sec. 35.** AS 08.04.505 is amended to read:

14                  **Sec. 08.04.505. Issuance of reports.** Only a person who [OR FIRM THAT]  
15                  holds a valid license, practice privilege, or permit issued under this chapter may issue  
16                  a report on financial statements of another person [, FIRM, ORGANIZATION,] or  
17                  governmental unit. This restriction does not apply to

18                   (1) an officer, partner, member, or employee of a sole proprietorship,  
19                   partnership, corporation, limited liability company, or other legal entity [FIRM  
20                  OR ORGANIZATION] affixing that person's signature to a statement or report in  
21                  reference to the financial affairs of the sole proprietorship, partnership,  
22                  corporation, limited liability company, or other legal entity [FIRM OR  
23                  ORGANIZATION] with wording designating the position, title, or office that the  
24                  person holds in the sole proprietorship, partnership, corporation, limited liability  
25                  company, or other legal entity [FIRM OR ORGANIZATION];

26                   (2) an act of a public official or employee in the performance of  
27                  official duties;

28                   (3) the performance by persons of other services involving the use of  
29                  accounting skills, including the preparation of tax returns, management advisory  
30                  services, and the preparation of financial statements without the issuance of reports on  
31                  them.

1       \* **Sec. 36.** AS 08.04.510 is amended to read:

2                   **Sec. 08.04.510. Partnership, limited liability company, [OR] corporation,**  
3                   **or other entity posing as a certified public accountant.** (a) A partnership, limited  
4                   liability company, [OR] corporation, **or other entity** may not assume or use the title  
5                   or designation "certified public accountant" or the abbreviation "CPA" or any other  
6                   title, designation, word, letter, abbreviation, sign, card, or device tending to indicate  
7                   that it is composed of certified public accountants, unless the partnership, limited  
8                   liability company, [OR] corporation, **or other entity** [IS REGISTERED AND] holds a  
9                   [LIVE] permit **and** [,] is **engaging in the practice of public accounting**  
10                  [PRACTICING] under **the** [ITS REGISTERED] name **on its permit**, and its offices in  
11                  this state for the practice of public accounting are maintained as required by  
12                  AS 08.04.360 - 08.04.380.

13                  (b) A partnership, limited liability company, [OR] corporation, **or other**  
14                  **entity consisting** of certified public accountants in good standing in any state, **that**  
15                  **does not have a permit** [REGISTERED] as a partnership, limited liability company,  
16                  [OR] corporation, **or other legal entity consisting** of certified public accountants  
17                  under AS 08.04.240 but **holds** [HOLDING] a permit under AS 08.04.420, may use the  
18                  title or designation "certified public accountants."

19       \* **Sec. 37.** AS 08.04.520 is amended to read:

20                   **Sec. 08.04.520. Individual posing as public accountant.** **An individual** [A  
21                  PERSON] may not assume or use the title or designation "public accountant" or the  
22                  abbreviation "PA" or other title, designation, word, letter, abbreviation, sign, card, or  
23                  device tending to indicate that **the individual** [THAT PERSON] is a public  
24                  accountant, unless the **individual** [PERSON] holds a **current license, practice**  
25                  **privilege, or** [LIVE] permit and the **individual's** [PERSON'S] offices in this state for  
26                  the practice of public accounting are maintained as required by AS 08.04.360 -  
27                  08.04.380.

28       \* **Sec. 38.** AS 08.04.530 is amended to read:

29                   **Sec. 08.04.530. Partnership, limited liability company, or corporation**  
30                  **posing as public accountant.** A partnership, limited liability company, or corporation  
31                  may not assume or use the designation "public accountant" or the abbreviation "PA"

1 or any other title, designation, word, letter, abbreviation, sign, card, or device tending  
2 to indicate that the partnership, limited liability company, or corporation is composed  
3 of public accountants, unless the partnership, limited liability company, or corporation  
4 holds a current [LIVE] permit and [,] is practicing under the name on its permit  
5 [REGISTERED NAME], and its office in this state for the practice of public  
6 accounting is maintained as required by AS 08.04.360 - 08.04.380.

7 \* **Sec. 39.** AS 08.04.540 is amended to read:

8 **Sec. 08.04.540. Use of deceptive title or abbreviation.** An individual,  
9 partnership, limited liability company, [OR] corporation, or other entity may not  
10 assume or use the title or designation "certified accountant," [,] "chartered  
11 accountant," [,] "enrolled accountant," [,] "licensed accountant," [,] "registered  
12 accountant," [,] or any other title or designation likely to be confused with "certified  
13 public accountant" or "public accountant," [,] or any of the abbreviations "C," [,]  
14 "EA," [,] "LA," [,] "RA," [,] or similar abbreviations likely to be confused with "CPA"  
15 or "PA" except that "EA" may be used to the extent that it relates to the term "enrolled  
16 agent" as defined by the federal Internal Revenue Service; however, an individual,  
17 partnership, limited liability company, [OR] corporation, or other legal entity holding  
18 a current license, [LIVE] permit under AS 08.04.240, or practice privilege and  
19 whose offices in this state for the practice of public accounting are maintained as  
20 required by AS 08.04.360 - 08.04.380 may hold out to the public as an accountant or  
21 auditor.

22 \* **Sec. 40.** AS 08.04.560 is amended to read:

23 **Sec. 08.04.560. Individual may not assume title.** An individual [A  
24 PERSON] may not sign or affix any name or any trade or assumed name used by that  
25 individual [PERSON] to any accounting or financial statement [,] or opinion or report  
26 on any accounting or financial statement with any wording indicating that the person  
27 is a certified public accountant or public accountant or with any wording indicating  
28 that the person has expert knowledge in accounting or auditing, unless the individual  
29 [PERSON] holds a current license or practice privilege [LIVE PERMIT] and the  
30 individual's [PERSON'S] offices in this state for the practice of public accounting are  
31 maintained as required by AS 08.04.360 - 08.04.380.

1       \* **Sec. 41.** AS 08.04.580 is amended to read:

2           **Sec. 08.04.580. Partnership posing as accountants or auditors.** A person  
3       may not sign or affix a partnership name to any accounting or financial statement [,] or  
4       opinion or report on any accounting or financial statement with any wording  
5       indicating that it is a partnership composed of certified public accountants or public  
6       accountants or with any wording indicating that the partnership has expert knowledge  
7       in accounting or auditing unless the partnership holds a **current** [LIVE] permit **and** [,]  
8       is practicing under **the** [ITS REGISTERED] name **on its permit**, and its offices in this  
9       state for the practice of public accounting are maintained as required by AS 08.04.360  
10      - 08.04.380.

11       \* **Sec. 42.** AS 08.04.590 is amended to read:

12           **Sec. 08.04.590. Use of title with corporate name.** A person may not sign or  
13       affix a corporate name to any accounting or financial statement [,] or opinion or report  
14       on any accounting or financial statement with any wording indicating that it is a  
15       corporation composed of certified public accountants or public accountants or with  
16       any wording indicating that the corporation has expert knowledge in accounting or  
17       auditing unless the corporation holds a **current** [LIVE] permit, **it** is practicing under  
18       **the** [ITS REGISTERED] name **on the permit**, and its offices in this state for the  
19       practice of public accounting are maintained as required by AS 08.04.360 - 08.04.380.

20       \* **Sec. 43.** AS 08.04.595 is amended to read:

21           **Sec. 08.04.595. Use of title with limited liability company name.** A person  
22       may not sign or affix a limited liability company name to an accounting or financial  
23       statement [,] or opinion or report on an accounting or financial statement [,] with  
24       wording indicating that the person is a limited liability company composed of certified  
25       public accountants or public accountants or with wording indicating that the company  
26       has expert knowledge in accounting or auditing unless the company holds a **current**  
27       [LIVE] permit, **it** is practicing under **the** [ITS REGISTERED] name **on the permit**,  
28       and its offices in this state for the practice of public accounting are maintained as  
29       required by AS 08.04.360 - 08.04.380.

30       \* **Sec. 44.** AS 08.04 is amended by adding a new section to read:

31           **Sec. 08.04.598. Use of title with name of other entity.** A person may not sign

1 or affix the name of an entity to an accounting or financial statement or opinion or  
2 report on an accounting or financial statement with wording indicating that the person  
3 is a legal entity composed of certified public accountants or public accountants or with  
4 wording indicating that the entity has expert knowledge in accounting or auditing  
5 unless the entity holds a current permit, it is practicing under the name on the permit,  
6 and its offices in this state for the practice of public accounting are maintained as  
7 required by AS 08.04.360 - 08.04.380.

8 \* **Sec. 45.** AS 08.04.600 is amended to read:

9                   **Sec. 08.04.600. Disclosure of lack of license or permit.** An individual,  
10 partnership, limited liability company, [OR] corporation, or other entity that does not  
11 hold a current license, a current practice privilege, or a current [LIVE] permit  
12 may not hold out to the public as a certified public accountant or public accountant by  
13 use of such words or abbreviations on any sign, card, letterhead, or in any  
14 advertisement or directory, without indicating that the individual, partnership, limited  
15 liability company, [OR] corporation, or other entity does not hold a current license,  
16 a current practice privilege, or a current permit. This section does not prohibit

17                   (1) an officer, employee, partner, member, or principal of an  
18 organization from self-description through the position, title, or office that the person  
19 holds in the organization;

20                   (2) an act of a public official or public employee in the performance of  
21 that individual's duties; or

22                   (3) a person from maintaining a bookkeeping or tax service.

23 \* **Sec. 46.** AS 08.04.610 is amended to read:

24                   **Sec. 08.04.610. Deceptive use of title or designation by partnership, limited**  
25 **liability company, [OR] corporation, or other entity [TITLE]**. A person may not  
26 assume or use the title or designation "certified public accountant" or "public  
27 accountant" or an abbreviation of them, in conjunction with a name indicating or  
28 implying that there is a partnership, limited liability company, [OR] corporation, or  
29 other entity, or in conjunction with the designation "and Company," "and Co.,"  
30 "L.L.C.," "LLC," "Ltd.," or any similar designation unless there is a bona fide  
31 partnership, limited liability company, [OR] corporation, or other legal entity

1           **holding a permit issued** [REGISTERED] under that name. However, a sole  
2           proprietor or partnership lawfully using the title or designation "certified public  
3           accountant" or "public accountant" or an abbreviation of them in conjunction with  
4           such names or designation on April 26, 1960, may continue to do so if the person or  
5           partnership otherwise complies with this chapter.

6           \* **Sec. 47.** AS 08.04.620 is amended to read:

7           **Sec. 08.04.620. Exceptions.** This chapter does not prohibit

8           (1) **an individual who does** [A PERSON] not **hold a current license**  
9           **or practice privilege** [A CERTIFIED PUBLIC ACCOUNTANT OR PUBLIC  
10           ACCOUNTANT] from serving as an employee of or as an assistant to an individual,  
11           partnership, limited liability company, [OR] corporation, **or other legal entity** holding  
12           a **current license, a current practice privilege, or a current** [LIVE] permit so long  
13           as the employee or assistant does not use the employee's or the assistant's name in  
14           connection with an accounting or financial statement;

15           (2) **an individual who holds a valid license or equivalent**  
16           **authorization in another state** [A CERTIFIED PUBLIC ACCOUNTANT OR  
17           PUBLIC ACCOUNTANT] from indicating that the **individual is entitled to use the**  
18           **title** "certified public accountant," [OR PUBLIC ACCOUNTANT HOLDS A  
19           CERTIFICATE OR LICENSE ENTITLING THE CERTIFIED PUBLIC  
20           ACCOUNTANT OR PUBLIC ACCOUNTANT TO THAT DESIGNATION IF THE  
21           CERTIFIED PUBLIC ACCOUNTANT OR PUBLIC ACCOUNTANT HOLDS A  
22           VALID CERTIFICATE OR LICENSE IN ANY STATE,] but the **individual**  
23           [PERSON] may not indicate that services are available to the public unless the  
24           **individual** [CERTIFIED PUBLIC ACCOUNTANT OR PUBLIC ACCOUNTANT]  
25           holds a **current license or practice privilege** [LIVE PERMIT] issued under this  
26           chapter;

27           (3) a holder of a certificate, license, or degree from a foreign country  
28           **that** [WHICH] constitutes a recognized qualification for the practice of public  
29           accounting in that country from indicating that the person holds the certificate, license,  
30           or degree, but the person may not indicate that the person's services are available to  
31           the public unless the person holds a **current license, practice privilege, or** [LIVE]

1 permit issued under this chapter.

2 \* **Sec. 48.** AS 08.04.640 is amended to read:

3 **Sec. 08.04.640. Penalty.** A person who violates a provision of AS 08.04.500 -  
4 08.04.610 is guilty of a misdemeanor and upon conviction is punishable by a fine of  
5 not more than \$500, or by imprisonment for not more than one year, or by both.  
6 [WHENEVER THE BOARD HAS REASON TO BELIEVE THAT A PERSON HAS  
7 VIOLATED A PROVISION OF AS 08.04.500 - 08.04.610 IT MAY CERTIFY THE  
8 FACTS TO THE ATTORNEY GENERAL OF THIS STATE OR OTHER  
9 APPROPRIATE ENFORCEMENT OFFICER, WHO MAY CAUSE APPROPRIATE  
10 PROCEEDINGS TO BE BROUGHT.]

11 \* **Sec. 49.** AS 08.04.660 is amended to read:

12 **Sec. 08.04.660. Ownership of accountant's working papers.** Statements,  
13 records, schedules, working papers, and memoranda made by a certified public  
14 accountant or a [,] public accountant [, OR REGISTERED FOREIGN  
15 ACCOUNTANT] incident to or in the course of professional service to a client, except  
16 reports submitted to a client, are the property of the accountant, in the absence of an  
17 express agreement between the accountant and the client to the contrary. A statement,  
18 record, schedule, working paper, or memorandum may not be sold, transferred, or  
19 bequeathed to a person other than a partner of the accountant without the consent of  
20 the client or the client's personal representative or assignee.

21 \* **Sec. 50.** AS 08.04.661 is amended to read:

22 **Sec. 08.04.661. Previous licensure.** A person holding a valid license as a  
23 public accountant under former AS 08.04.270 or a person holding a valid permit under  
24 former AS 08.04.390 on June 29, 1980, may continue to practice under the conditions  
25 imposed by statute and regulation on that date but that person is otherwise subject to  
26 this chapter. A license or permit effective under this section may be renewed under  
27 conditions imposed by statute and regulation that were in effect on June 29, 1980,  
28 except that any renewal fee required under this chapter applies.

29 \* **Sec. 51.** AS 08.04.662(a) is amended to read:

30 (a) A license holder, a permit holder, a practice privilege holder  
31 [LICENSEE], or a partner, an officer, a shareholder, a member, or an employee of a

1 **license holder, a permit holder, or a practice privilege holder** [LICENSEE], may  
2 not reveal information communicated to the **license holder, permit holder, or**  
3 **practice privilege holder** [LICENSEE] by a client about a matter concerning which  
4 the client has employed the **license holder, permit holder, or practice privilege**  
5 **holder** [LICENSEE] in a professional capacity. This section does not apply to

6 (1) information required to be disclosed by the standards of the public  
7 **accounting** [ACCOUNTANCY] profession in reporting on the examination of  
8 financial statements;

9 (2) the release of information the client has authorized the **license**  
10 **holder, permit holder, or practice privilege holder** [LICENSEE] to reveal;

11 (3) information revealed as part of the discovery of evidence related to  
12 a court or administrative proceeding or introduced in evidence in a court or  
13 administrative proceeding;

14 (4) information revealed in ethical investigations conducted by private  
15 professional organizations; or

16 (5) information revealed in the course of a quality review under  
17 AS 08.04.426.

18 \* **Sec. 52.** AS 08.04.680 is amended to read:

19 **Sec. 08.04.680. Definitions.** In this chapter, **unless the context indicates**  
20 **otherwise,**

21 (1) **"attest functions"** means the functions identified as attest  
22 **functions by the board under AS 08.04.085;**

23 (2) "board" means the Board of Public Accountancy;

24 (3) [(2)] "certificate" means a certificate **granted under AS 08.04.100**  
25 [AS A CERTIFIED PUBLIC ACCOUNTANT];

26 (4) **"legal entity"** means an organization that can organize as a  
27 **legal person under the laws of this state;**

28 (5) [(3)] "license" means a license **issued under AS 08.04.105 or**  
29 **08.04.195** [AS A PUBLIC ACCOUNTANT];

30 (6) [(4)] "limited liability company" means an organization organized  
31 under AS 10.50 or a foreign limited liability company; in this paragraph, "foreign

"limited liability company" has the meaning given in AS 10.50.990;

(7) [(5) "LIVE PERMIT" MEANS A PERMIT ISSUED UNDER AS 08.04.390 - 08.04.425;

(6)] "member" means a person who has been admitted to membership in a limited liability company;

**(8) "partnership" means a general partnership, a limited partnership, a limited liability partnership, or another form of partnership;**

(9) "permit" means a permit issued under AS 08.04.240 or 08.04.420;

(10) "practice of public accounting" means the offering to perform or the performance as a person holding a license, practice privilege, or permit under this chapter of a service involving the use of accounting or auditing skills; in this paragraph, "accounting or auditing skills" includes preparing financial statements, issuing reports on financial statements, furnishing management services, furnishing financial advisory services, providing consulting services, preparing tax returns, advising on tax matters, or consulting on tax matters;

**(11) "practice privilege" means a practice privilege authorized under AS 08.04.420;**

(12) "principal place of business" means the fixed location designated by the partnership, corporation, limited liability company, or other legal entity as the location from which the partnership, corporation, limited liability company, or other legal entity directs, controls, and coordinates the majority of the business activities of the partnership, corporation, limited liability company, or other legal entity;

**(13)** [7] "quality review" means a study, appraisal, or review of one or more aspects of the professional work of a person [OR FIRM] in the practice of public **accounting** [ACCOUNTANCY], by a person [OR PERSONS] who **holds a certificate** [HOLD CERTIFICATES] and who **is** [ARE] not affiliated with the person [OR FIRM] being reviewed, conducted as prescribed under AS 08.04.426;

**(14)** [(8)] "report," when used with reference to financial statements, means an opinion, report, or other form of language that states or implies assurance as

to the reliability of financial statements and that also includes or is accompanied by a statement or implication that the person [OR FIRM] issuing it has special knowledge or competency in accounting or auditing; a statement or implication of special knowledge or competence may arise from use by the issuer of the report of names or titles indicating that the issuer is a certified public accountant or auditor, or from the language of the report itself; **except as provided in this paragraph,** "report" includes any form of language that disclaims an opinion when the form of the language is conventionally understood to imply a positive assurance as to the reliability of the financial statements referred to or special competence on the part of the person [OR FIRM] issuing the language; and "report" includes any other form of language that is conventionally understood to imply such assurance or such special knowledge or competence; "report" does not include

**(A)** a compilation of financial statement language that does not express or imply assurance or special knowledge or competence; **or**

**(B) the following disclaimer language when used by nonlicensees in connection with financial statements:**

(i) "I (we) have prepared the accompanying financial statements of (name of entity) as of (time period) for the period then ended. This presentation is limited to preparing, in the form of financial statements, information that is the representation of management (owners)."; or

(ii) "I (we) have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or any other form of assurance on them.";

(15) "state" means a state of the United States, the District of Columbia, the Commonwealth of Puerto Rico, Guam, the Virgin Islands, and Samoa.

\* Sec. 53. AS 08.04.070(d), 08.04.070(e), 08.04.390, 08.04.400, and 08.04.460 are repealed.

\* **Sec. 54.** The uncodified law of the State of Alaska is amended by adding a new section to read:

## TRANSITIONAL PROVISIONS: REGULATIONS. The Board of Public

1 Accountancy created under AS 08.04.010 may proceed to adopt regulations necessary to  
2 implement this Act. The regulations take effect under AS 44.62 (Administrative Procedure  
3 Act), but not before the effective date of secs. 1 - 53 of this Act.

4 \* **Sec. 55.** The uncodified law of the State of Alaska is amended by adding a new section to  
5 read:

6 TRANSITIONAL PROVISIONS: EFFECT ON CURRENT PERMITTEES. (a) On  
7 and after January 1, 2008, a person with a current permit issued under AS 08.04, as that  
8 chapter existed before January 1, 2008, may continue to operate under the permit until the  
9 permit expires normally under AS 08.04, as that chapter existed before January 1, 2008, and  
10 then receive a renewal under AS 08.04, as that chapter exists on and after January 1, 2008.

11 (b) Until an individual who is eligible for the renewal of a license under (a) of this  
12 section receives a license renewal under (a) of this section, the individual satisfies the license  
13 requirement of AS 06.26.020(a)(9), as amended by sec. 1 of this Act, even though the  
14 individual is holding a permit under AS 08.04 as that chapter existed before January 1, 2008,  
15 and not the license required by AS 06.26.020(a)(9). In this section, "license" has the meaning  
16 given in AS 08.04.680.

17 \* **Sec. 56.** The uncodified law of the State of Alaska is amended by adding a new section to  
18 read:

19 TRANSITIONAL PROVISIONS: MEMBERSHIP OF BOARD. AS 08.04.020, as  
20 amended by sec. 3 of this Act, does not apply to a member of the Board of Public  
21 Accountancy who is a member of the Board of Public Accountancy on the effective date of  
22 this section until the term of the board member expires normally under former AS 08.04.020,  
23 as that section existed before January 1, 2008.

24 \* **Sec. 57.** Section 54 of this Act takes effect immediately under AS 01.10.070(c).

25 \* **Sec. 58.** Except as provided in sec. 57 of this Act, this Act takes effect January 1, 2008.