

HOUSE BILL NO. 274

IN THE LEGISLATURE OF THE STATE OF ALASKA
 TWENTY-FOURTH LEGISLATURE - FIRST SESSION

BY REPRESENTATIVE HAWKER

Introduced: 4/18/05

Referred: Labor and Commerce, Finance

A BILL**FOR AN ACT ENTITLED**

1 **"An Act relating to the practice of accounting; and providing for an effective date."**

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

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 08.04.100 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 **under AS 08.04.100** [AND WHO IS NOT ELIGIBLE
20 TO RECEIVE PERMITS UNDER THIS CHAPTER]. Public members may not be
21 employed by a person **holding a license, permit, or practice privilege** [LICENSED]
22 under this chapter [OR BY A BUSINESS ENTITY HOLDING A PERMIT UNDER
23 THIS CHAPTER]. Notwithstanding AS 08.01.025, an accountant who **does not hold**
24 **a license** [IS NOT CERTIFIED OR LICENSED] under this chapter and is not
25 engaged in the practice of public **accounting** [ACCOUNTANCY] in violation of this
26 chapter is 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
3 reciprocity under AS 08.04.195 or a practice privilege under AS 08.04.420(a), or on
4 the board's own motion, the board shall determine whether the qualifications of
5 another state or the applicant are substantially equivalent to the national standard or to
6 another standard established by the board to protect the public interest. The board
7 may adopt by regulation the qualifications established by a nationally recognized
8 professional organization for accountants as the national standard or for another
9 standard established by the board to protect the public interest. The board may accept
10 the determination of a nationally recognized professional organization for accountants
11 of whether the qualifications of the other state or the applicant are substantially
12 equivalent to the national standard or to another standard established by the board to
13 protect the public interest.

14 * **Sec. 6.** AS 08.04.080 is amended to read:

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

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

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

29 * **Sec. 8.** AS 08.04.100 is repealed and reenacted to read:

30 **Sec. 08.04.100. Certificate and license.** (a) The board shall issue a license to
31 engage in the practice of public accounting to an individual who meets the

1 requirements of AS 08.04.110 - 08.04.195. The license shall be represented by a
 2 certificate and lasts for the remainder of the biennial licensing period during which the
 3 initial license was granted.

4 (b) The board may renew a license granted under (a) of this section or a
 5 renewal granted under this section if the licensee

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

8 (2) the individual complies with the continuing education requirements
 9 of AS 08.04.425 and the quality review requirements of AS 08.04.426; and

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

11 * **Sec. 9.** AS 08.04.110 is amended to read:

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

15 * **Sec. 10.** AS 08.04.120(a) is amended to read:

16 (a) The education and experience requirements for an applicant are [AS
 17 FOLLOWS:

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

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

30 * **Sec. 11.** AS 08.04.130 is amended to read:

31 **Sec. 08.04.130. Examination.** An applicant shall pass an examination in

1 accounting and reporting, in auditing, and in other related subjects that the board
 2 determines appropriate. The examination shall be designated in advance by the board
 3 as the examination for the **license** [CERTIFICATE] of certified public accountant.
 4 The board shall use the Uniform Certified Public Accountant Examination of the
 5 American Institute of Certified Public Accountants and the institute's advisory grading
 6 service, if available. The board shall, by regulation, establish what constitutes a
 7 passing grade on the examination for purposes of licensure under AS 08.04.100 -
 8 08.04.240.

9 * **Sec. 12.** AS 08.04.180 is amended to read:

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

17 * **Sec. 13.** AS 08.04.195 is amended to read:

18 **Sec. 08.04.195. Reciprocity with other jurisdictions.** (a) Notwithstanding
 19 **AS 08.04.110 - 08.04.190** [AS 08.04.100 - 08.04.130], the board may issue a **license**
 20 **to engage in the practice of public accounting** [CERTIFICATE] to an applicant who
 21 holds a **license** [CERTIFICATE], or its equivalent, issued by another **state or**
 22 **qualifying territory if** [JURISDICTION IF THE APPLICANT]

23 (1) **the applicant**

24 **(A)** passed the Uniform Certified Public Accountant
 25 Examination of the American Institute of Certified Public Accountants in order
 26 to receive the applicant's initial **license** [CERTIFICATE] from the **other state**
 27 **or qualifying territory** [JURISDICTION];

28 **(B)** [(2)] has **four** [FIVE] years of experience outside the state
 29 in the practice of public accounting or meets equivalent requirements
 30 established by the board by regulation; the **four** [FIVE] years must occur after
 31 the applicant passes the examination required in **(A)** [(1)] of this **paragraph**

1 [SUBSECTION] and within the 10 years immediately preceding the
2 applicant's application under this chapter;

3 (C) [(3)] is not the subject of review procedures, disciplinary
4 proceedings, or unresolved complaints related to the applicant's license
5 [CERTIFICATE] from another other state or qualifying territory
6 [JURISDICTION]; and

7 (D) [(4)] is of good moral character; or

8 (2) the qualifications required by the other state or qualifying
9 territory that issued the applicant's license are determined by the board under
10 AS 08.04.075 to be substantially equivalent to the national standard or to another
11 standard established by the board to protect the public interest, the applicant is
12 not the subject of review procedures, disciplinary proceedings, or unresolved
13 complaints related to the applicant's license from another state or qualifying
14 territory, and the applicant is of good moral character.

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

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

24 * **Sec. 14.** AS 08.04.200 is amended to read:

25 **Sec. 08.04.200.** Use of title "**certified public accountant by individual.**"
26 **An individual** [A PERSON] who has [RECEIVED] a license [CERTIFICATE] from
27 the board as a certified public accountant or [AND WHO] holds a practice privilege
28 or an out-of-state permit [CURRENT PERMIT ISSUED] under AS 08.04.420
29 [AS 08.04.390 - 08.04.440] shall be known as a certified public accountant and may
30 use the abbreviation "CPA."

31 * **Sec. 15.** AS 08.04.210 is amended to read:

1 **Sec. 08.04.210. Effect on existing certificates.** A person who, on April 26,
2 1960, held a certificate as a certified public accountant issued under the laws of the
3 Territory or State of Alaska is not required to obtain a **license** [CERTIFICATE] under
4 this chapter but is otherwise subject to this chapter. Certificates issued before April 26,
5 1960, shall be considered **licenses** [CERTIFICATES] issued under this chapter.

6 * **Sec. 16.** AS 08.04.240 is amended to read:

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

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

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

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

23 (b) **The board shall grant a permit to engage in the practice of public**
24 **accounting as a corporation to a** [A] corporation organized for the practice of public
25 accounting **that registers** [MAY REGISTER] with the board as a corporation of
26 certified public accountants if **the corporation** [IT] meets the following requirements:

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

31 (2) each shareholder of the corporation **shall** [MUST] be a certified

1 public accountant of some state in good standing and must be principally employed by
 2 the corporation or actively engaged in its business; no other person may have any
 3 interest in the stock of the corporation; the principal officer of the corporation and any
 4 officer or director having authority over the practice of public accounting by the
 5 corporation must be a certified public accountant of some state in good standing;

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

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

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

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

23 (c) Registration [APPLICATION] for **a permit under this section**
 24 [REGISTRATION] shall be made upon the affidavit of a general partner, member, or
 25 shareholder who is a certified public accountant of this state in good standing. The
 26 board shall, in each case, determine whether the applicant is eligible for **a permit**
 27 **under this section** [REGISTRATION]. A partnership, limited liability company,
 28 [OR] corporation, **or other legal entity** that is **issued a permit under this section**
 29 [SO REGISTERED AND THAT HOLDS A PERMIT ISSUED UNDER
 30 AS 08.04.400] may use the words "certified public accountants" or the abbreviation
 31 "CPAs" in connection with **the name of the** [ITS] partnership, limited liability

1 company, corporation, or other legal entity [CORPORATE NAME]. The
 2 [NOTIFICATION SHALL BE GIVEN THE] board shall be notified within one
 3 month after the admission or withdrawal of a partner, member, or shareholder from a
 4 partnership, limited liability company, [OR] corporation, or other legal entity issued
 5 a permit [REGISTERED] under this section.

6 (d) The board shall grant a permit to engage in the practice of public
 7 accounting as a limited liability company to a [A] limited liability company
 8 engaged in this state in the practice of public accounting that registers [MAY
 9 REGISTER] with the board as a limited liability company of certified public
 10 accountants if

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

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

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

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

23 * **Sec. 17.** AS 08.04.240 is amended by adding new subsections to read:

24 (e) The board may grant a permit to engage in the practice of public
 25 accounting to a legal entity, other than a partnership, corporation, or limited liability
 26 company, if the legal entity registers with the board on a form provided by the board
 27 and satisfies other registration requirements and conditions for the legal entity that are
 28 established by the board by regulation to protect the public interest.

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

31 (g) The board shall renew a permit granted under (a), (b), (d), or (e) of this

1 section or a renewal issued under this subsection if

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

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

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

9 (h) A partnership registered under former AS 08.04.330 - 08.04.340 on
10 June 29, 1980, qualifies for a permit under this section as long as each partner
11 personally engaged in the practice of public accounting in this state holds a license or
12 permit under AS 08.04.661.

13 * **Sec. 18.** AS 08.04.360 is amended to read:

14 **Sec. 08.04.360. Supervision required.** Each office established or maintained
15 in this state for the practice of public accounting shall be under the direct supervision
16 of an individual [A PERSON] in residence who holds a license [PERMIT] under
17 AS 08.04.100 or a practice privilege under 08.04.420 [AS 08.04.390 - 08.04.440].
18 The supervisor may be [EITHER] a sole proprietor, partner, principal, member, or
19 staff employee. A supervisor may serve in this capacity at one office only.

20 * **Sec. 19.** AS 08.04.370 is amended to read:

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

28 * **Sec. 20.** AS 08.04.380 is amended to read:

29 **Sec. 08.04.380. Waiver of requirements.** The board may waive the
30 requirements of AS 08.04.240(a)(3), (b)(4), and (d)(4), and 08.04.360 and 08.04.370 if

31 (1) the community has a population of 2,000 or less; and

1 (2) the individual, partnership, corporation, limited liability
 2 company or other legal entity that opens [FIRM OPENING] or maintains
 3 [MAINTAINING] the office maintains another office in the state that meets the
 4 requirements outlined in AS 08.04.360 and 08.04.370.

5 * **Sec. 21.** AS 08.04.410 is amended to read:

6 **Sec. 08.04.410. License** [CERTIFICATE OR LICENSE] **for person not**
 7 **engaged in practice. Notwithstanding AS 08.04.100 or 08.04.195, an individual**
 8 [A PERSON] holding a [CERTIFICATE OR] license who is not engaged in the
 9 practice of public accounting may maintain the [CERTIFICATE OR] license in good
 10 standing by [REGISTERING WITH THE BOARD AND] paying the required
 11 [REGISTRATION] fee.

12 * **Sec. 22.** AS 08.04.420 is repealed and reenacted to read:

13 **Sec. 08.04.420. Practice privileges and out-of-state permits.** (a) An
 14 individual from another state or a qualifying territory who is authorized to practice
 15 public accounting in the other state or qualifying territory but who is not licensed
 16 under AS 08.04.100 or 08.04.195 may engage in the practice of public accounting in
 17 this state under an out-of-state practice privilege if

18 (1) the individual submits to the board

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

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

21 (2) the board

22 (A) verifies the individual's current authorization to practice
 23 public accounting in the other state or qualifying territory; and

24 (B) determines under AS 08.04.075 that

25 (i) the qualifications required by the other state or
 26 qualifying territory are substantially equivalent to the national standard
 27 or to another standard established by the board to protect the public
 28 interest; or

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

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

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

14 (1) submits to the board

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

16 (B) the fee required by the board; and

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

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

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

27 (e) If a person engages in the practice of public accounting under an out-of-
28 state permit authorized by (c) of this section, the permit does not authorize an
29 individual who is working for the person to hold the individual out to the public as
30 available to provide public accounting work in the state.

31 (f) Notwithstanding AS 08.01.100(b), the board shall establish by regulation

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

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

8 (1) consents to the jurisdiction and disciplinary authority of the board;

9 (2) agrees to comply with state law, including the regulations adopted
 10 by the board; and

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

18 * **Sec. 23.** AS 08.04 is amended by adding a new section to read:

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

22 * **Sec. 24.** AS 08.04.425 is amended to read:

23 **Sec. 08.04.425. Continuing education.** (a) The board shall by regulation
 24 prescribe requirements for continuing education for **individuals with licenses**
 25 [PERSONS LICENSED TO PRACTICE AS CERTIFIED PUBLIC
 26 ACCOUNTANTS] under this chapter. In adopting these regulations, the board may

27 (1) use and rely upon guidelines and pronouncements with respect to
 28 continuing education issued by recognized educational and professional associations
 29 in the field; and

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

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

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

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

20 (1) shall consider

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

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

26 (2) may relax or suspend the continuing education requirements

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

29 (B) in instances of individual hardship.

30 * **Sec. 25.** AS 08.04.426 is repealed and reenacted to read:

31 **Sec. 08.04.426. Quality review.** (a) The board shall require as a condition

1 for renewal of a license under AS 08.04.100 or a permit under 08.04.240 that the
 2 applicant for the renewal undergo a quality review conducted as required by the board
 3 by regulation.

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

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

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

13 (1) an applicant demonstrate that the applicant has undergone a quality
 14 review that is a satisfactory equivalent to the quality review required by (a) of this
 15 section;

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

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

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

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

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

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

28 * **Sec. 26.** AS 08.04.440 is amended to read:

29 **Sec. 08.04.440. Effect of failure to obtain license, permit, or practice**
 30 **privilege.** Failure of an individual, partnership, limited liability company, [OR]
 31 corporation, **or other legal entity** to apply for the required **license, permit, or**

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

15 * **Sec. 27.** AS 08.04.450 is amended to read:

16 **Sec. 08.04.450. Revocation or suspension of [CERTIFICATE,] license,**
 17 **[REGISTRATION,] practice privilege, or permit.** In addition to its powers under
 18 AS 08.01.075, the board may revoke [OR SUSPEND A CERTIFICATE OR
 19 LICENSE, OR MAY REVOKE], suspend, or refuse to renew **a license, practice**
 20 **privilege, or** [ANY] permit, or may censure **a** [ANY CERTIFICATE] holder **of a**
 21 **license, practice privilege** [, LICENSEE, REGISTRANT], or permit [HOLDER] for

22 (1) fraud or deceit in obtaining **a** [ANY CERTIFICATE,] license,
 23 **practice privilege** [REGISTRATION], or permit required by this chapter;

24 (2) dishonesty or gross negligence in the practice of public accounting,
 25 or other acts discreditable to the accounting profession;

26 (3) violation of **a** [ANY] provision of AS 08.04.500 - 08.04.610;

27 (4) violation of a rule of professional conduct or other regulation
 28 adopted by the board;

29 (5) conviction of a felony under the laws of any state or of the United
 30 States;

31 (6) conviction of any crime, an essential element of which is

1 dishonesty or fraud, under the laws of any state or of the United States;

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

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

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

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

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

18 * **Sec. 28.** AS 08.04.470 is amended to read:

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

26 * **Sec. 29.** AS 08.04.480 is amended to read:

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

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

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

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

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

17 * **Sec. 30.** AS 08.04.490 is amended to read:

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

26 * **Sec. 31.** AS 08.04.495 is amended to read:

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

31 * **Sec. 32.** AS 08.04.500 is amended to read:

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

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

12 * **Sec. 33.** AS 08.04.505 is amended to read:

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

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

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

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

31 * **Sec. 34.** AS 08.04.510 is amended to read:

1 **Sec. 08.04.510. Partnership, limited liability company, [OR] corporation,**
 2 **or other entity posing as a certified public accountant.** (a) A partnership, limited
 3 liability company, [OR] corporation, **or other entity** may not assume or use the title
 4 or designation "certified public accountant" or the abbreviation "CPA" or any other
 5 title, designation, word, letter, abbreviation, sign, card, or device tending to indicate
 6 that it is composed of certified public accountants, unless the partnership, limited
 7 liability company, [OR] corporation, **or other entity** [IS REGISTERED AND] holds a
 8 [LIVE] permit **under AS 08.04.240,** is **engaging in the practice of public**
 9 **accounting** [PRACTICING] under **the** [ITS REGISTERED] name **on its permit,** and
 10 its offices in this state for the practice of public accounting are maintained as required
 11 by AS 08.04.360 - 08.04.380.

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

18 * **Sec. 35.** AS 08.04.520 is amended to read:

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

26 * **Sec. 36.** AS 08.04.540 is amended to read:

27 **Sec. 08.04.540. Use of deceptive title or abbreviation.** An individual,
 28 partnership, limited liability company, [OR] corporation, **or other entity** may not
 29 assume or use the title or designation "certified accountant," [,] "chartered
 30 accountant," [,] "enrolled accountant," [,] "licensed accountant," [,] "registered
 31 accountant," [,] or any other title or designation likely to be confused with "certified

1 public accountant" or "public accountant₂" [,] or any of the abbreviations "C₂" [,]
 2 "EA₂" [,] "LA₂" [,] "RA₂" [,] or similar abbreviations likely to be confused with "CPA"
 3 or "PA" except that "EA" may be used to the extent that it relates to the term "enrolled
 4 agent" as defined by the federal Internal Revenue Service; however, an individual,
 5 partnership, limited liability company, [OR] corporation, or other legal entity holding
 6 a current license, [LIVE] permit under AS 08.04.240, or practice privilege and
 7 whose offices in this state for the practice of public accounting are maintained as
 8 required by AS 08.04.360 - 08.04.380 may hold out to the public as an accountant or
 9 auditor.

10 * **Sec. 37.** AS 08.04.560 is amended to read:

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

20 * **Sec. 38.** AS 08.04.580 is amended to read:

21 **Sec. 08.04.580. Partnership posing as accountants or auditors.** A person
 22 may not sign or affix a partnership name to any accounting or financial statement [,] or
 23 opinion or report on any accounting or financial statement with any wording
 24 indicating that it is a partnership composed of certified public accountants or public
 25 accountants or with any wording indicating that the partnership has expert knowledge
 26 in accounting or auditing unless the partnership holds a current [LIVE] permit, it is
 27 practicing under the [ITS REGISTERED] name on its permit, and its offices in this
 28 state for the practice of public accounting are maintained as required by AS 08.04.360
 29 - 08.04.380.

30 * **Sec. 39.** AS 08.04.590 is amended to read:

31 **Sec. 08.04.590. Use of title with corporate name.** A person may not sign or

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

8 * **Sec. 40.** AS 08.04.595 is amended to read:

9 **Sec. 08.04.595. Use of title with limited liability company name.** A person
 10 may not sign or affix a limited liability company name to an accounting or financial
 11 statement, or opinion or report on an accounting or financial statement, with wording
 12 indicating that the person is a limited liability company composed of certified public
 13 accountants or public accountants or with wording indicating that the company has
 14 expert knowledge in accounting or auditing unless the company holds a **current**
 15 [LIVE] permit, **it** is practicing under **the** [ITS REGISTERED] name **on the permit**,
 16 and its offices in this state for the practice of public accounting are maintained as
 17 required by AS 08.04.360 - 08.04.380.

18 * **Sec. 41.** AS 08.04 is amended by adding a new section to read:

19 **Sec. 08.04.598. Use of title with name of other entity.** A person may not
 20 sign or affix the name of an entity to an accounting or financial statement, or opinion
 21 or report on an accounting or financial statement, with wording indicating that the
 22 person is a legal entity composed of certified public accountants or public accountants
 23 or with wording indicating that the entity has expert knowledge in accounting or
 24 auditing unless the entity holds a live permit, is practicing under its registered name,
 25 and its offices in this state for the practice of public accounting are maintained as
 26 required by AS 08.04.360 - 08.04.380.

27 * **Sec. 42.** AS 08.04.600 is amended to read:

28 **Sec. 08.04.600. Disclosure of lack of license or permit.** An individual,
 29 partnership, limited liability company, [OR] corporation, **or other entity** that does not
 30 hold a **current license, a current practice privilege, or a current** [LIVE] permit
 31 **under AS 08.04.240** may not hold out to the public as a certified public accountant or

1 public accountant by use of such words or abbreviations on any sign, card, letterhead,
 2 or in any advertisement or directory, without indicating that the individual,
 3 partnership, limited liability company, [OR] corporation, or other entity does not
 4 hold a current license, a current practice privilege, or a current permit under
 5 AS 08.04.240. This section does not prohibit

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

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

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

12 * **Sec. 43.** AS 08.04.610 is amended to read:

13 **Sec. 08.04.610. Deceptive use of title or designation by partnership,**
 14 **limited liability company, [OR] corporation [TITLE], or other entity.** A person
 15 may not assume or use the title or designation "certified public accountant" or "public
 16 accountant" or an abbreviation of them, in conjunction with a name indicating or
 17 implying that there is a partnership, limited liability company, [OR] corporation, or
 18 other entity, or in conjunction with the designation "and Company," "and Co.,"
 19 "L.L.C.," "LLC," "Ltd.," or any similar designation unless there is a bona fide
 20 partnership, limited liability company, [OR] corporation, or other legal entity
 21 registered under that name. However, a sole proprietor or partnership lawfully using
 22 the title or designation "certified public accountant" or "public accountant" or an
 23 abbreviation of them in conjunction with such names or designation on April 26, 1960,
 24 may continue to do so if the person or partnership otherwise complies with this
 25 chapter.

26 * **Sec. 44.** AS 08.04.620 is amended to read:

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

28 (1) an individual who does [A PERSON] not hold a current license
 29 or practice privilege [A CERTIFIED PUBLIC ACCOUNTANT OR PUBLIC
 30 ACCOUNTANT] from serving as an employee of or as an assistant to an individual,
 31 partnership, limited liability company, [OR] corporation, or other legal entity holding

1 a **current license, a current practice privilege, or a current** [LIVE] permit **under**
 2 **AS 08.04.240** so long as the employee or assistant does not use the employee's or the
 3 assistant's name in connection with an accounting or financial statement;

4 (2) **an individual** [A CERTIFIED PUBLIC ACCOUNTANT OR
 5 PUBLIC ACCOUNTANT] from indicating that the **individual** [CERTIFIED PUBLIC
 6 ACCOUNTANT OR PUBLIC ACCOUNTANT] holds a [CERTIFICATE OR]
 7 license entitling the **individual** [CERTIFIED PUBLIC ACCOUNTANT OR PUBLIC
 8 ACCOUNTANT] to that designation if the **individual** [CERTIFIED PUBLIC
 9 ACCOUNTANT OR PUBLIC ACCOUNTANT] holds a valid [CERTIFICATE OR]
 10 license **or equivalent authorization** in **another** [ANY] state, but the **individual**
 11 [PERSON] may not indicate that services are available to the public unless the
 12 **individual** [CERTIFIED PUBLIC ACCOUNTANT OR PUBLIC ACCOUNTANT]
 13 holds a **current license or practice privilege** [LIVE PERMIT] issued under this
 14 chapter;

15 (3) a holder of a certificate, license, or degree from a foreign country
 16 **that** [WHICH] constitutes a recognized qualification for the practice of public
 17 accounting in that country from indicating that the person holds the certificate, license,
 18 or degree, but the person may not indicate that the person's services are available to
 19 the public unless the person holds a **current license, practice privilege, or** [LIVE]
 20 permit issued under this chapter.

21 * **Sec. 45.** 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. 46.** AS 08.04.662(a) is amended to read:

30 (a) A licensee, **a holder of a practice privilege,** or a partner, **an** officer, **a**
 31 shareholder, **a** member, or **an** employee of a licensee **or holder of a practice**

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

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

8 (2) the release of information the client has authorized the licensee **or**
 9 **practice privilege holder** to reveal;

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

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

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

17 * **Sec. 47.** AS 08.04.680 is amended to read:

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

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

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

23 (3) [(2)] "certificate" means certificate as a certified public accountant;

24 (4) [(3)] **"legal entity" means an organization that can organize as**
 25 **a legal person under the laws of this state;**

26 (5) "license" means **a license issued under AS 08.04.100 or 08.04.195**
 27 [AS A PUBLIC ACCOUNTANT];

28 (6) [(4)] "limited liability company" means an organization organized
 29 under AS 10.50 or a foreign limited liability company; in this paragraph, "foreign
 30 limited liability company" has the meaning given in AS 10.50.990;

31 (7) [(5)] "LIVE PERMIT" MEANS A PERMIT ISSUED UNDER

1 AS 08.04.390 - 08.04.425;

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

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

6 **(9) "permit" means a permit issued under AS 08.04.240 or**
7 **08.04.420;**

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

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

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

23 **(13)** [(7)] "quality review" means a study, appraisal, or review of one
24 or more aspects of the professional work of a person [OR FIRM] in the practice of
25 public **accounting** [ACCOUNTANCY], by a person [OR PERSONS] who **holds a**
26 **certificate** [HOLD CERTIFICATES] and who **is** [ARE] not affiliated with the person
27 [OR FIRM] being reviewed, conducted as prescribed under AS 08.04.426;

28 **(14)** [(8)] "report," when used with reference to financial statements,
29 means an opinion, report, or other form of language that states or implies assurance as
30 to the reliability of financial statements and that also includes or is accompanied by a
31 statement or implication that the person [OR FIRM] issuing it has special knowledge

1 or competency in accounting or auditing; a statement or implication of special
 2 knowledge or competence may arise from use by the issuer of the report of names or
 3 titles indicating that the issuer is a certified public accountant or auditor, or from the
 4 language of the report itself; "report" includes any form of language that disclaims an
 5 opinion when the form of the language is conventionally understood to imply a
 6 positive assurance as to the reliability of the financial statements referred to or special
 7 competence on the part of the person [OR FIRM] issuing the language; and "report"
 8 includes any other form of language that is conventionally understood to imply such
 9 assurance or such special knowledge or competence [; "REPORT" DOES NOT
 10 INCLUDE COMPILATION OF FINANCIAL STATEMENT LANGUAGE THAT
 11 DOES NOT EXPRESS OR IMPLY ASSURANCE OR SPECIAL KNOWLEDGE
 12 OR COMPETENCE].

13 * **Sec. 48.** AS 08.04.390, 08.04.400, and 08.04.460 are repealed.

14 * **Sec. 49.** The uncodified law of the State of Alaska is amended by adding a new section to
 15 read:

16 TRANSITIONAL PROVISIONS: REGULATIONS. The Board of Public
 17 Accountancy created under AS 08.04.010 may proceed to adopt regulations necessary to
 18 implement this Act. The regulations take effect under AS 44.62 (Administrative Procedure
 19 Act), but not before the effective date of secs. 1 - 48 of this Act.

20 * **Sec. 50.** The uncodified law of the State of Alaska is amended by adding a new section to
 21 read:

22 TRANSITIONAL PROVISIONS: EFFECT ON CURRENT PERMITTEES. (a) On
 23 and after January 1, 2008, an individual with a current permit issued under former
 24 AS 08.04.390 may

25 (1) continue to operate under the permit until the permit expires normally
 26 under former AS 08.04, as that chapter existed before January 1, 2008, and then receive a
 27 license renewal under AS 08.04.100, as repealed and reenacted by sec. 8 of this Act; or

28 (2) renew the permit before it expires normally, and receive a license renewal
 29 under AS 08.04.100, as repealed and reenacted by sec. 8 of this Act.

30 (b) Until an individual who is eligible for a license under (a) of this section receives a
 31 license under (a) of this section, the individual satisfies the license requirement of

1 AS 06.26.020(a)(9), as amended by sec. 1 of this Act, even though the individual is not
2 holding the license required by AS 06.26.020(a)(9).

3 (c) On and after January 1, 2008, a partnership, corporation, or limited liability
4 company with a current permit issued under former AS 08.04.400 or the provisions of
5 08.04.420 before amendment by sec. 22 of this Act may

6 (1) continue to operate under the permit until the permit expires normally
7 under former AS 08.04, as that chapter existed before January 1, 2008, and then receive a
8 permit renewal under AS 08.04.240(g), as added by sec. 17 of this Act, or under
9 AS 08.04.420, as repealed and reenacted by sec. 22 of this Act; or

10 (2) renew the permit under AS 08.04.240(g), as added by sec. 17 of this Act
11 before it expires normally.

12 * **Sec. 51.** The uncodified law of the State of Alaska is amended by adding a new section to
13 read:

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

19 * **Sec. 52.** Section 49 of this Act takes effect immediately under AS 01.10.070(c).

20 * **Sec. 53.** Except as provided in sec. 52 of this Act, this Act takes effect January 1, 2008.