

**SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 274**

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-FOURTH LEGISLATURE - SECOND SESSION

BY REPRESENTATIVE HAWKER

Introduced: 1/11/06

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 08.04.105 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 **under AS 08.04.105** [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 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. is amended by adding a new section to read:

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

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

1 was granted.

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

4 (1) maintains all of the licensee's offices as required by AS 08.04.360 -  
5 08.04.380;

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

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

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

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

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

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

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

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

27 \* **Sec. 11.** AS 08.04.130 is amended to read:

28 **Sec. 08.04.130. Examination.** An applicant shall pass an examination in  
29 accounting and reporting, in auditing, and in other related subjects that the board  
30 determines appropriate. The examination shall be designated in advance by the board  
31 as the examination for the license [CERTIFICATE] of certified public accountant.

1 The board shall use the Uniform Certified Public Accountant Examination of the  
 2 American Institute of Certified Public Accountants and the institute's advisory grading  
 3 service, if available. The board shall, by regulation, establish what constitutes a  
 4 passing grade on the examination for purposes of licensure under **AS 08.04.105 -**  
 5 **08.04.240** [AS 08.04.100 - 08.04.240].

6 \* **Sec. 12.** AS 08.04.180 is amended to read:

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

14 \* **Sec. 13.** AS 08.04.195 is amended to read:

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

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

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

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

1 (4) is of good moral character.

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

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

11 \* **Sec. 14.** AS 08.04.200 is amended to read:

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

18 \* **Sec. 15.** AS 08.04.210 is amended to read:

19 **Sec. 08.04.210. Effect on [EXISTING] certificates existing on April 26,**  
20 **1960.** A person who, on April 26, 1960, held a certificate as a certified public  
21 accountant issued under the laws of the Territory or State of Alaska is not required to  
22 obtain a license [CERTIFICATE] under this chapter but is otherwise subject to this  
23 chapter. Certificates issued before April 26, 1960, shall be considered licenses  
24 [CERTIFICATES] issued under this chapter.

25 \* **Sec. 16.** AS 08.04.240 is amended to read:

26 **Sec. 08.04.240. Registration of partnerships, limited liability companies,**  
27 **[AND] corporations, and other legal entities [COMPOSED OF CERTIFIED**  
28 **PUBLIC ACCOUNTANTS]. (a) The board shall grant a permit to engage in the**  
29 **practice of public accounting as a partnership to a [A] partnership that registers**  
30 **[ENGAGED IN THIS STATE IN THE PRACTICE OF PUBLIC ACCOUNTING**  
31 **MAY REGISTER] with the board as a partnership of certified public accountants if**

1 **the partnership** [IT] meets the following requirements:

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

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

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

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

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

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

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

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

31 (5) to facilitate compliance with the provisions of this section relating

1 to the ownership of stock, there must be a written agreement binding the corporation  
 2 or the qualified shareholders to purchase shares offered for sale by, or not under the  
 3 ownership or effective control of, a qualified shareholder and binding a holder not a  
 4 qualified shareholder to sell these shares to the corporation or the qualified  
 5 shareholders; the agreement must be noticed on each certificate of corporate stock; the  
 6 corporation may purchase any amount of its stock for this purpose, notwithstanding  
 7 any impairment of capital, so long as one share remains outstanding;

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

11 (c) Registration [APPLICATION] for **a permit under this section**  
 12 [REGISTRATION] shall be made upon the affidavit of a general partner, member, or  
 13 shareholder who is a certified public accountant of this state in good standing. The  
 14 board shall, in each case, determine whether the applicant is eligible for **a permit**  
 15 **under this section** [REGISTRATION]. A partnership, limited liability company,  
 16 [OR] corporation, **or other legal entity** that is **issued a permit under this section**  
 17 [SO REGISTERED AND THAT HOLDS A PERMIT ISSUED UNDER  
 18 AS 08.04.400] may use the words "certified public accountants" or the abbreviation  
 19 "CPAs" in connection with **the name of the** [ITS] partnership, limited liability  
 20 company, **corporation,** or **other legal entity** [CORPORATE NAME]. **The**  
 21 [NOTIFICATION SHALL BE GIVEN THE] board **shall be notified** within one  
 22 month after the admission or withdrawal of a partner, member, or shareholder from a  
 23 partnership, limited liability company, [OR] corporation, **or other legal entity issued**  
 24 **a permit** [REGISTERED] under this section.

25 (d) **The board shall grant a permit to engage in the practice of public**  
 26 **accounting as a limited liability company to a** [A] limited liability company  
 27 engaged in this state in the practice of public accounting **that registers** [MAY  
 28 REGISTER] with the board as a limited liability company of certified public  
 29 accountants if

30 (1) **the** [THE] sole purpose and the sole business of the company are to  
 31 furnish to the public services that are consistent with this chapter or the regulations

1 adopted under this chapter, except that the company may invest its money in a manner  
2 that is compatible with the practice of public accounting;

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

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

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

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

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

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

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

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

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

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

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

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

2           **Sec. 08.04.360. Supervision required.** Each office established or maintained  
3 in this state for the practice of public accounting shall be under the direct supervision  
4 of **an individual** [A PERSON] in residence who holds a **license** [PERMIT] under  
5 **AS 08.04.105 or a practice privilege under AS 08.04.420** [AS 08.04.390 -  
6 08.04.440]. The supervisor may be [EITHER] a sole proprietor, partner, principal,  
7 member, or staff employee. A supervisor may serve in this capacity at one office only.

8 \* **Sec. 19.** AS 08.04.370 is amended to read:

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

16 \* **Sec. 20.** AS 08.04.380 is amended to read:

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

24 \* **Sec. 21.** AS 08.04.410 is amended to read:

25           **Sec. 08.04.410. Inactive [CERTIFICATE OR] license for person not**  
26 **engaged in practice. Notwithstanding AS 08.04.105 or 08.04.195, an individual** [A  
27 PERSON] holding a [CERTIFICATE OR] license who is not engaged in the practice  
28 of public accounting may maintain the [CERTIFICATE OR] license in good standing  
29 by **notifying** [REGISTERING WITH] the board **that the individual is inactive** and  
30 paying the required [REGISTRATION] fee.

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

1           **Sec. 08.04.420. Practice privileges and out-of-state permits.** (a) An  
2 individual whose principal place of business is in another state or a qualifying territory  
3 who is authorized to practice public accounting in the other state or qualifying territory  
4 but who is not licensed under AS 08.04.105 or 08.04.195 may engage in the practice  
5 of public accounting in this state under an out-of-state practice privilege if

6           (1) the individual submits to the board

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

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

9           (2) the board

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

12                   (B) determines under AS 08.04.075 that

13                           (i) the qualifications required by the other state or  
14 qualifying territory are substantially equivalent to the national standard  
15 or to another standard established by the board to protect the public  
16 interest; or

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

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

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

1 company or other legal entity

2 (1) submits to the board

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

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

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

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

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

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

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

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

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

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

30 (3) consents to the appointment of the board as the person's agent for  
31 the service of process upon whom process may be served in an action or a proceeding

1 against the individual, partnership, corporation, limited liability company, or other  
 2 legal entity arising out of a transaction or an operation connected with or incidental to  
 3 public accounting services performed by the individual, partnership, corporation,  
 4 limited liability company, or other legal entity while engaging in the practice of public  
 5 accounting in this state.

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

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

10 \* **Sec. 24.** AS 08.04.425 is amended to read:

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

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

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

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

28 (c) Failure by an applicant for renewal of a **license**, [PERMIT TO  
 29 PRACTICE] to furnish the evidence required under (b) of this section constitutes  
 30 grounds for revocation, suspension, or refusal to renew the **license** [PERMIT] under  
 31 AS 08.04.450 unless the board determines that failure to have been due to reasonable

1 cause or excusable neglect. However, the board may renew a **license** [PERMIT TO  
2 PRACTICE] despite failure to furnish evidence of satisfaction of the continuing  
3 education requirements established under (a) of this section if the applicant agrees to  
4 follow a particular program or schedule of continuing education prescribed by the  
5 board.

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

8 (1) shall consider

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

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

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

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

17 (B) in instances of individual hardship.

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

19 **Sec. 08.04.426. Quality review.** (a) The board shall require as a condition for  
20 renewal of a license under AS 08.04.105 or a permit under AS 08.04.240 that the  
21 applicant for the renewal undergo a quality review conducted as required by the board  
22 by regulation.

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

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

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

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

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

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

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

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

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

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

16 \* **Sec. 26.** AS 08.04.440 is amended to read:

17 **Sec. 08.04.440. Effect of failure to obtain license, permit, or practice**  
18 **privilege.** Failure of an individual, partnership, limited liability company, [OR]  
19 corporation, **or other legal entity** to apply for the required **license, permit, or**  
20 **practice privilege** [TO PRACTICE] or to pay the required fee within (1) three years  
21 from the expiration date of the **license, permit, or practice privilege** [TO PRACTICE  
22 OR REGISTRATION] last obtained or renewed, or (2) three years from the date  
23 [UPON WHICH] the **person** [CERTIFICATE HOLDER OR LICENSEE] was  
24 granted a [CERTIFICATE AS A CERTIFIED PUBLIC ACCOUNTANT OR] license  
25 **or permit** as a public accountant valid under AS 08.04.661 deprives the individual,  
26 partnership, limited liability company, [OR] corporation, **or other legal entity** of the  
27 right to a **license, permit, or practice privilege** [REGISTRATION] or renewal of a  
28 **license, permit, or practice privilege** unless the board determines that the failure is  
29 excusable. In case of excusable failure, the fee for a **license, permit, or practice**  
30 **privilege** [, REGISTRATION,] or renewal of a **license, permit, or practice privilege**  
31 under this section may not exceed three times one year's portion of the fee that would

1 have otherwise been required for the license, permit, or practice privilege  
 2 [REGISTRATION], or renewal.

3 \* **Sec. 27.** AS 08.04.450 is amended to read:

4 **Sec. 08.04.450. Revocation or suspension of [CERTIFICATE,] license,**  
 5 **practice privilege [REGISTRATION], or permit.** In addition to its powers under  
 6 AS 08.01.075, the board may revoke [OR SUSPEND A CERTIFICATE OR  
 7 LICENSE, OR MAY REVOKE], suspend, or refuse to renew **a license, practice**  
 8 **privilege, or** [ANY] permit, or may censure **a** [ANY CERTIFICATE] holder **of a**  
 9 **license, practice privilege** [, LICENSEE, REGISTRANT], or permit [HOLDER] for

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

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

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

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

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

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

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

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

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

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

1 under AS 08.04.426; or

2 (11) committing an act in another state for which the holder of the  
 3 license, practice privilege, or permit would be subject to discipline in this state

4 [UNDER AS 08.04.426 EXCEPT AS CONDITIONED, RELAXED, OR  
 5 SUSPENDED BY THE BOARD UNDER AS 08.04.426(b) - (d)].

6 \* **Sec. 28.** AS 08.04.470 is amended to read:

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

14 \* **Sec. 29.** AS 08.04.480 is amended to read:

15 **Sec. 08.04.480. Grounds for revocation or suspension of permit of**  
 16 **partnership, limited liability company, corporation, or other legal entity**  
 17 **[CORPORATE PERMIT].** The board may revoke or suspend the [REGISTRATION  
 18 AND] permit [TO PRACTICE] of a partnership, limited liability company, [OR]  
 19 corporation, or other legal entity may revoke, suspend, or refuse to renew its permit  
 20 [TO PRACTICE], or may censure the partnership, limited liability company, [OR]  
 21 corporation, or other legal entity for any of the causes enumerated in AS 08.04.450  
 22 [AND 08.04.460,] or for any of the following additional causes:

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

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

31 (3) the cancellation, revocation, suspension, or refusal to renew the

1 authority of the partnership or any partner, the limited liability company or a member,  
 2 [OR] the corporation or a shareholder, or the other legal entity to practice public  
 3 accounting in another state for any cause other than failure to pay a required fee in that  
 4 state.

5 \* **Sec. 30.** AS 08.04.490 is amended to read:

6 **Sec. 08.04.490. Reinstatement.** Upon application in writing and after a  
 7 hearing, the board may issue a new license or practice privilege [CERTIFICATE] to  
 8 an individual [A CERTIFIED PUBLIC ACCOUNTANT] whose license or practice  
 9 privilege [CERTIFICATE] has been revoked, or may issue a new permit to a person  
 10 [REREGISTRATION OF ONE] whose permit [REGISTRATION] has been revoked,  
 11 or may modify the suspension of or may reissue any [CERTIFICATE,] license,  
 12 practice privilege, or permit to practice public accounting that has been revoked or  
 13 suspended.

14 \* **Sec. 31.** AS 08.04.495 is amended to read:

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

19 \* **Sec. 32.** AS 08.04.500 is amended to read:

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

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

31 \* **Sec. 33.** AS 08.04.505 is amended to read:

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

5                   (1) an officer, partner, member, or employee of a sole proprietorship,  
 6 partnership, corporation, limited liability company, or other legal entity [FIRM  
 7 OR ORGANIZATION] affixing that person's signature to a statement or report in  
 8 reference to the financial affairs of the sole proprietorship, partnership,  
 9 corporation, limited liability company, or other legal entity [FIRM OR  
 10 ORGANIZATION] with wording designating the position, title, or office that the  
 11 person holds in the sole proprietorship, partnership, corporation, limited liability  
 12 company, or other legal entity [FIRM OR ORGANIZATION];

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

15                   (3) the performance by persons of other services involving the use of  
 16 accounting skills, including the preparation of tax returns, management advisory  
 17 services, and the preparation of financial statements without the issuance of reports on  
 18 them.

19 \* **Sec. 34.** AS 08.04.510 is amended to read:

20           **Sec. 08.04.510. Partnership, limited liability company, [OR] corporation,**  
 21 **or other entity posing as a certified public accountant.** (a) A partnership, limited  
 22 liability company, [OR] corporation, or other entity may not assume or use the title  
 23 or designation "certified public accountant" or the abbreviation "CPA" or any other  
 24 title, designation, word, letter, abbreviation, sign, card, or device tending to indicate  
 25 that it is composed of certified public accountants, unless the partnership, limited  
 26 liability company, [OR] corporation, or other entity [IS REGISTERED AND] holds a  
 27 [LIVE] permit under AS 08.04.240, is engaging in the practice of public  
 28 accounting [PRACTICING] under the [ITS REGISTERED] name on its permit, and  
 29 its offices in this state for the practice of public accounting are maintained as required  
 30 by AS 08.04.360 - 08.04.380.

31                   (b) A partnership, limited liability company, [OR] corporation, or other

1 **entity consisting** of certified public accountants in good standing in any state, **that**  
 2 **does not have a permit** [REGISTERED] as a partnership, limited liability company,  
 3 [OR] corporation, **or other legal entity consisting** of certified public accountants  
 4 under AS 08.04.240 but **holds** [HOLDING] a permit under AS 08.04.420, may use the  
 5 title or designation "certified public accountants."

6 \* **Sec. 35.** AS 08.04.520 is amended to read:

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

14 \* **Sec. 36.** AS 08.04.530 is amended to read:

15 **Sec. 08.04.530. Partnership, limited liability company, or corporation**  
 16 **posing as public accountant.** A partnership, limited liability company, or corporation  
 17 may not assume or use the designation "public accountant" or the abbreviation "PA"  
 18 or any other title, designation, word, letter, abbreviation, sign, card, or device tending  
 19 to indicate that the partnership, limited liability company, or corporation is composed  
 20 of public accountants, unless the partnership, limited liability company, or corporation  
 21 holds a **current** [LIVE] permit, is practicing under its registered name, and its office  
 22 in this state for the practice of public accounting is maintained as required by  
 23 AS 08.04.360 - 08.04.380.

24 \* **Sec. 37.** AS 08.04.540 is amended to read:

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

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

8 \* **Sec. 38.** AS 08.04.560 is amended to read:

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

18 \* **Sec. 39.** AS 08.04.580 is amended to read:

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

28 \* **Sec. 40.** AS 08.04.590 is amended to read:

29 **Sec. 08.04.590. Use of title with corporate name.** A person may not sign or  
 30 affix a corporate name to any accounting or financial statement [,] or opinion or report  
 31 on any accounting or financial statement with any wording indicating that it is a

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

6 \* **Sec. 41.** AS 08.04.595 is amended to read:

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

16 \* **Sec. 42.** AS 08.04 is amended by adding a new section to read:

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

25 \* **Sec. 43.** AS 08.04.600 is amended to read:

26 **Sec. 08.04.600. Disclosure of lack of license or permit.** An individual,  
 27 partnership, limited liability company, [OR] corporation, **or other entity** that does not  
 28 hold a **current license, a current practice privilege, or a current** [LIVE] permit  
 29 **under AS 08.04.240** may not hold out to the public as a certified public accountant or  
 30 public accountant by use of such words or abbreviations on any sign, card, letterhead,  
 31 or in any advertisement or directory, without indicating that the individual,

1 partnership, limited liability company, [OR] corporation, or other entity does not  
 2 hold a current license, a current practice privilege, or a current permit under  
 3 AS 08.04.240. This section does not prohibit

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

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

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

10 \* **Sec. 44.** AS 08.04.610 is amended to read:

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

24 \* **Sec. 45.** AS 08.04.620 is amended to read:

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

26 (1) an individual who does [A PERSON] not hold a current license  
 27 or practice privilege [A CERTIFIED PUBLIC ACCOUNTANT OR PUBLIC  
 28 ACCOUNTANT] from serving as an employee of or as an assistant to an individual,  
 29 partnership, limited liability company, [OR] corporation, or other legal entity holding  
 30 a current license, a current practice privilege, or a current [LIVE] permit under  
 31 AS 08.04.240 so long as the employee or assistant does not use the employee's or the

1 assistant's name in connection with an accounting or financial statement;

2 (2) **an individual who holds a valid license or equivalent**  
 3 **authorization in another state** [A CERTIFIED PUBLIC ACCOUNTANT OR  
 4 PUBLIC ACCOUNTANT] from indicating that the **individual is entitled to use the**  
 5 **title "certified public accountant"** [OR PUBLIC ACCOUNTANT HOLDS A  
 6 CERTIFICATE OR LICENSE ENTITLING THE CERTIFIED PUBLIC  
 7 ACCOUNTANT OR PUBLIC ACCOUNTANT TO THAT DESIGNATION IF THE  
 8 CERTIFIED PUBLIC ACCOUNTANT OR PUBLIC ACCOUNTANT HOLDS A  
 9 VALID CERTIFICATE OR LICENSE IN ANY STATE], but the **individual**  
 10 [PERSON] may not indicate that services are available to the public unless the  
 11 **individual** [CERTIFIED PUBLIC ACCOUNTANT OR PUBLIC ACCOUNTANT]  
 12 holds a **current license or practice privilege** [LIVE PERMIT] issued under this  
 13 chapter;

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

20 \* **Sec. 46.** AS 08.04.661 is amended to read:

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

28 \* **Sec. 47.** AS 08.04.662(a) is amended to read:

29 (a) A licensee, **a holder of a practice privilege,** or a partner, **an** officer, **a**  
 30 shareholder, **a** member, or **an** employee of a licensee **or holder of a practice**  
 31 **privilege** [,] may not reveal information communicated to the licensee **or practice**

1 **privilege holder** by a client about a matter concerning which the client has employed  
 2 the licensee **or practice privilege holder** in a professional capacity. This section does  
 3 not apply to

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

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

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

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

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

16 \* **Sec. 48.** AS 08.04.680 is amended to read:

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

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

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

22 (3) [(2)] "certificate" means certificate as a certified public accountant;

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

25 (5) [(3)] "license" means **a license issued under AS 08.04.105 or**  
 26 **08.04.195** [AS A PUBLIC ACCOUNTANT];

27 (6) [(4)] "limited liability company" means an organization organized  
 28 under AS 10.50 or a foreign limited liability company; in this paragraph, "foreign  
 29 limited liability company" has the meaning given in AS 10.50.990;

30 (7) [(5)] "LIVE PERMIT" MEANS A PERMIT ISSUED UNDER  
 31 AS 08.04.390 - 08.04.425;

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

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

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

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

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

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

22 **(13)** [(7)] "quality review" means a study, appraisal, or review of one  
23 or more aspects of the professional work of a person [OR FIRM] in the practice of  
24 public **accounting** [ACCOUNTANCY], by a person [OR PERSONS] who **holds a**  
25 **certificate** [HOLD CERTIFICATES] and who **is** [ARE] not affiliated with the person  
26 [OR FIRM] being reviewed, conducted as prescribed under AS 08.04.426;

27 **(14)** [(8)] "report," when used with reference to financial statements,  
28 means an opinion, report, or other form of language that states or implies assurance as  
29 to the reliability of financial statements and that also includes or is accompanied by a  
30 statement or implication that the person [OR FIRM] issuing it has special knowledge  
31 or competency in accounting or auditing; a statement or implication of special

1 knowledge or competence may arise from use by the issuer of the report of names or  
 2 titles indicating that the issuer is a certified public accountant or auditor, or from the  
 3 language of the report itself; **except as provided in this paragraph**, "report" includes  
 4 any form of language that disclaims an opinion when the form of the language is  
 5 conventionally understood to imply a positive assurance as to the reliability of the  
 6 financial statements referred to or special competence on the part of the person [OR  
 7 FIRM] issuing the language; and "report" includes any other form of language that is  
 8 conventionally understood to imply such assurance or such special knowledge or  
 9 competence; "report" does not include **the following disclaimer language when used**  
 10 **by nonlicensees in connection with financial statements:**

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

16 **(B) "I (we) have not audited or reviewed the accompanying**  
 17 **financial statements and, accordingly, do not express an opinion or any**  
 18 **other form of assurance on them."** [COMPILATION OF FINANCIAL  
 19 STATEMENT LANGUAGE THAT DOES NOT EXPRESS OR IMPLY  
 20 ASSURANCE OR SPECIAL KNOWLEDGE OR COMPETENCE.]

21 \* **Sec. 49.** AS 08.04.390, 08.04.400, and 08.04.460 are repealed.

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

24 TRANSITIONAL PROVISIONS: REGULATIONS. The Board of Public  
 25 Accountancy created under AS 08.04.010 may proceed to adopt regulations necessary to  
 26 implement this Act. The regulations take effect under AS 44.62 (Administrative Procedure  
 27 Act), but not before the effective date of secs. 1 - 49 of this Act.

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

30 TRANSITIONAL PROVISIONS: EFFECT ON CURRENT PERMITTEES. (a) On  
 31 and after January 1, 2008, an individual with a current permit issued under former

1 AS 08.04.390 may

2 (1) continue to operate under the permit until the permit expires normally  
3 under former AS 08.04, as that chapter existed before January 1, 2008, and then receive a  
4 license renewal under AS 08.04.105, as added by sec. 8 of this Act; or

5 (2) renew the permit before it expires normally, and receive a license renewal  
6 under AS 08.04.105, as added by sec. 8 of this Act.

7 (b) Until an individual who is eligible for a license under (a) of this section receives a  
8 license under (a) of this section, the individual satisfies the license requirement of  
9 AS 06.26.020(a)(9), as amended by sec. 1 of this Act, even though the individual is not  
10 holding the license required by AS 06.26.020(a)(9).

11 (c) On and after January 1, 2008, a partnership, corporation, or limited liability  
12 company with a current permit issued under former AS 08.04.400 or the provisions of  
13 08.04.420 before amendment by sec. 22 of this Act may

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

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

20 \* **Sec. 52.** The uncodified law of the State of Alaska is amended by adding a new section to  
21 read:

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

27 \* **Sec. 53.** Section 50 of this Act takes effect immediately under AS 01.10.070(c).

28 \* **Sec. 54.** Except as provided in sec. 53 of this Act, this Act takes effect January 1, 2008.