

CS FOR SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 274(FIN)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-FOURTH LEGISLATURE - SECOND SESSION

BY THE HOUSE FINANCE COMMITTEE

Offered: 2/10/06

Referred: Rules

Sponsor(s): REPRESENTATIVE HAWKER

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 [AND WHO IS NOT ELIGIBLE TO RECEIVE
20 PERMITS UNDER THIS CHAPTER]. Public members may not be employed by a
21 person **holding a license, permit, or practice privilege** [LICENSED] under this
22 chapter [OR BY A BUSINESS ENTITY HOLDING A PERMIT UNDER THIS
23 CHAPTER]. Notwithstanding AS 08.01.025, an accountant who **does not hold a**
24 **license** [IS NOT CERTIFIED OR LICENSED] under this chapter and is not engaged
25 in the practice of public **accounting** [ACCOUNTANCY] in violation of this chapter is
26 eligible for appointment as a public member under this section.

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

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29 member of the board whose [CERTIFICATE OR] license has been revoked or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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1 SATISFACTORY TO THE BOARD].

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

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

9 **Sec. 08.04.130. Examination.** An applicant shall pass an examination in
 10 accounting and reporting, in auditing, and in other related subjects that the board
 11 determines appropriate. The examination shall be designated in advance by the board
 12 as the examination for the **license** [CERTIFICATE] of certified public accountant.
 13 The board shall use the Uniform Certified Public Accountant Examination of the
 14 American Institute of Certified Public Accountants and the institute's advisory grading
 15 service, if available. The board shall, by regulation, establish what constitutes a
 16 passing grade on the examination for purposes of licensure under **AS 08.04.105 -**
 17 **08.04.240** [AS 08.04.100 - 08.04.240].

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

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

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

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

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

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

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

12 (4) is of good moral character.

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

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

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

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

23 (1) maintains all of the licensee's offices as required by AS 08.04.360 -
 24 08.04.380;

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

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

28 * **Sec. 16.** AS 08.04.200 is amended to read:

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

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

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

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

11 * **Sec. 18.** AS 08.04.240 is amended to read:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1 ACCOUNTANT IN THIS STATE].

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

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

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

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

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

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

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

18 **Sec. 08.04.420. Practice privileges and out-of-state permits.** (a) An
19 individual whose principal place of business is in another state who is authorized to
20 practice public accounting in the other state but who is not licensed under
21 AS 08.04.105 or 08.04.195 may engage in the practice of public accounting in this
22 state under an out-of-state practice privilege if

23 (1) the individual submits to the board

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

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

26 (2) the board

27 (A) verifies the individual's current authorization to practice
28 public accounting in the other state; and

29 (B) determines under AS 08.04.075 that

30 (i) the qualifications required by the other state are
31 substantially equivalent to the national standard or to another standard

1 established by the board to protect the public interest; or

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

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

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

17 (1) submits to the board

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

30 (1) use and rely upon guidelines and pronouncements with respect to
31 continuing education issued by recognized educational and professional associations

1 in the field; and

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

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

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

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

23 (1) shall consider

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

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

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

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

(B) in instances of individual hardship.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

2 **Sec. 08.04.510. Partnership, limited liability company, [OR] corporation,**
 3 **or other entity posing as a certified public accountant.** (a) A partnership, limited
 4 liability company, [OR] corporation, **or other entity** may not assume or use the title
 5 or designation "certified public accountant" or the abbreviation "CPA" or any other
 6 title, designation, word, letter, abbreviation, sign, card, or device tending to indicate
 7 that it is composed of certified public accountants, unless the partnership, limited
 8 liability company, [OR] corporation, **or other entity** [IS REGISTERED AND] holds a
 9 [LIVE] permit, is **engaging in the practice of public accounting** [PRACTICING]
 10 under **the** [ITS REGISTERED] name **on its permit**, and its offices in this state for the
 11 practice of public accounting are maintained as required 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. 37.** 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 **current license, practice**
 24 **privilege, or** [LIVE] permit and the **individual's** [PERSON'S] offices in this state for
 25 the practice of public accounting are maintained as required by AS 08.04.360 -
 26 08.04.380.

27 * **Sec. 38.** AS 08.04.530 is amended to read:

28 **Sec. 08.04.530. Partnership, limited liability company, or corporation**
 29 **posing as public accountant.** A partnership, limited liability company, or corporation
 30 may not assume or use the designation "public accountant" or the abbreviation "PA"
 31 or any other title, designation, word, letter, abbreviation, sign, card, or device tending

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

6 * **Sec. 39.** AS 08.04.540 is amended to read:

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

21 * **Sec. 40.** AS 08.04.560 is amended to read:

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

31 * **Sec. 41.** AS 08.04.580 is amended to read:

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

10 * **Sec. 42.** AS 08.04.590 is amended to read:

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

19 * **Sec. 43.** AS 08.04.595 is amended to read:

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

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

30 **Sec. 08.04.598. Use of title with name of other entity.** A person may not sign
31 or affix the name of an entity to an accounting or financial statement or opinion or

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

7 * **Sec. 45.** AS 08.04.600 is amended to read:

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

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

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

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

22 * **Sec. 46.** AS 08.04.610 is amended to read:

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

1 proprietor or partnership lawfully using the title or designation "certified public
2 accountant" or "public accountant" or an abbreviation of them in conjunction with
3 such names or designation on April 26, 1960, may continue to do so if the person or
4 partnership otherwise complies with this chapter.

5 * **Sec. 47.** AS 08.04.620 is amended to read:

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

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

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

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

1 * **Sec. 48.** AS 08.04.640 is amended to read:

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

10 * **Sec. 49.** AS 08.04.660 is amended to read:

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

20 * **Sec. 50.** 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. 51.** AS 08.04.662(a) is amended to read:

29 (a) A license holder, a permit holder, a practice privilege holder
30 [LICENSEE], or a partner, an officer, a shareholder, a member, or an employee of a
31 license holder, a permit holder, a practice privilege holder [LICENSEE], may not

1 reveal information communicated to the **license holder, permit holder, or practice**
 2 **privilege holder** [LICENSEE] by a client about a matter concerning which the client
 3 has employed the **license holder, permit holder, or practice privilege holder**
 4 [LICENSEE] in a professional capacity. This section does 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 **license**
 9 **holder, permit holder, or practice privilege holder** [LICENSEE] 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. 52.** 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 **a certificate granted under AS 08.04.100**
 24 [AS A CERTIFIED PUBLIC ACCOUNTANT];

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

27 (5) [(3)] "license" means **a license issued under AS 08.04.105 or**
 28 **08.04.195** [AS A PUBLIC ACCOUNTANT];

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

1 **(7)** [(5) "LIVE PERMIT" MEANS A PERMIT ISSUED UNDER
2 AS 08.04.390 - 08.04.425;

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

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

7 **(9)** "**permit**" means a permit issued under AS 08.04.240 or
8 **08.04.420;**

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

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

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

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

29 **(14)** [(8)] "report," when used with reference to financial statements,
30 means an opinion, report, or other form of language that states or implies assurance as
31 to the reliability of financial statements and that also includes or is accompanied by a

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

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

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

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

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

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

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

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

30 TRANSITIONAL PROVISIONS: REGULATIONS. The Board of Public
 31 Accountancy created under AS 08.04.010 may proceed to adopt regulations necessary to

1 implement this Act. The regulations take effect under AS 44.62 (Administrative Procedure
2 Act), but not before the effective date of secs. 1 - 53 of this Act.

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

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

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

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

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

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

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