

Introduced: 5/8/75  
Referred: Commerce

1 IN THE SENATE

BY ZIEGLER

2 SENATE BILL NO. 424

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 NINTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to practice as certified public  
7 accountant or public accountant by corporations; and  
8 providing for an effective date."

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

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

11 Sec. 08.04.425. AUTHORIZATION FOR PRACTICE BY CORPORATIONS. (a)

12 This chapter does not prevent a corporation from offering certified  
13 public accountant or public accountant services; however, the corpora-  
14 tion shall file with the board

15 (1) an application for a certificate of authorization upon a  
16 form to be prescribed by the board and containing information required  
17 to enable the board to determine whether the corporation is qualified in  
18 accordance with the provisions of this chapter to offer to practice in  
19 this state;

20 (2) a certified copy of a resolution of the board of directors  
21 of the corporation designating persons holding certificates of registra-  
22 tion under this chapter as responsible for the practice of certified pub-  
23 lic accountancy or public accountancy by the corporation in this state and  
24 providing that full authority to make all final certified public account-  
25 ancy or public accountancy decisions on behalf of the corporation with  
26 respect to work performed by the corporation in this state is granted by  
27 the board of directors to the persons designated in the resolution; how-  
28 ever, the filing of this resolution does not relieve the corporation of  
29 any responsibility or liability imposed upon it by law or by contract;

1 (3) a designation in writing setting out the name of one or  
2 more persons holding certificates of registration under this chapter who  
3 are in responsible charge of each major branch of certified public  
4 accountancy or public accountancy activities in which the corporation  
5 specializes in this state; if a change is made in the person in respon-  
6 sible charge of a major branch, the change shall be designated in  
7 writing and filed with the board within 30 days after the effective date  
8 of the change.

9 (b) Upon filing with the board the application for certificate of  
10 authorization, certified copy of resolution, affidavit, and designation  
11 of persons specified in this section, the board shall, subject to (c) of  
12 this section, issue to the corporation a certificate of authorization to  
13 practice certified public accountancy or public accountancy in this  
14 state upon a determination by the board that

15 (1) the bylaws of the corporation contain provisions that all  
16 decisions pertaining to certified public accountancy or public account-  
17 ancy in this state will be made by the specified certified public  
18 accountant or public accountant in responsible charge, or other regis-  
19 tered certified public accountant or public accountant under his direc-  
20 tion or supervision;

21 (2) the application for certificate of authorization states  
22 the type of accountancy practiced or to be practiced by the corporation;

23 (3) the applicant corporation has the ability to provide the  
24 certified public accountant or public accountant services stated in the  
25 application;

26 (4) the application for certificate of authorization states  
27 the professional records of the designated person who is in responsible  
28 charge of each major branch of activities in which the corporation  
29 specializes;

1 (5) the application for certificate of authorization states  
2 the experience of the corporation, if any, in furnishing certified  
3 public accountant or public accountant services during the preceding  
4 five-year period;

5 (6) the applicant corporation meets other requirements  
6 related to professional competence as may be established and promulgated  
7 by the board in furtherance of the objectives and provisions of this  
8 chapter.

9 (c) The board may, in the exercise of its discretion, refuse to  
10 issue, or may suspend or revoke a certificate of authorization to a  
11 corporation if the board finds that any of the officers, directors,  
12 incorporators or the stockholders holding a majority of the stock of the  
13 corporation has committed misconduct or malpractice, or has been found  
14 personally responsible for misconduct or malpractice under the provi-  
15 sions of this chapter.

16 (d) The certificate of authorization shall specify the major  
17 branches of which the corporation has designated a person in responsible  
18 charge as provided in this section. The certificate of authorization  
19 shall be conspicuously displayed in the place of business of the cor-  
20 poration, together with the names of persons designated as being in  
21 responsible charge of the professional activities.

22 (e) If a corporation, organized solely by either a group of cer-  
23 tified public accountants or public accountants, each holding a certifi-  
24 cate of registration under this chapter, applies for a certificate of  
25 authorization, the board may, in its discretion, grant a certificate of  
26 authorization to the corporation based on a review of the professional  
27 records of the incorporators, in place of the required qualifications  
28 set out in this section. If the ownership of the corporation is altered,  
29 the corporation shall apply for a revised certificate of authorization,

1 based upon the professional records of the owners, if exclusively  
2 certified public accountants or public accountants, or otherwise under  
3 the qualifications required by (b)(1) - (4) of this section.

4 (f) A corporation authorized to offer certified public accountant  
5 or public accountant services under this chapter, together with its  
6 directors and officers for their own individual acts, is responsible to  
7 the same degree as the designated individual certified public accountant  
8 or public accountant, and must conduct its business without misconduct  
9 or malpractice as defined in this chapter.

10 (g) If the board, after a proper hearing, finds that a corporation  
11 holding a certificate of authorization has committed misconduct or  
12 malpractice, the board shall suspend or revoke the certificate of  
13 authorization. The board shall also suspend or revoke the certificate  
14 of registration of any registered individual certified public accountant  
15 or public accountant who, after a proper hearing, is found by the board  
16 to have participated in committing the misconduct or malpractice.

17 (h) Reports, when issued in connection with work performed by a  
18 corporation under its certificate of authorization, shall be prepared by  
19 or under the responsible charge of and shall be signed by and shall be  
20 stamped with the official seal of a person holding a certificate of  
21 registration under this chapter.

22 (i) For each certificate of authorization issued to a corporation  
23 under the provisions of this chapter, there shall be paid an initial fee  
24 as established by the board.

25 \* Sec. 2. AS 08.04.550 is repealed.

26 \* Sec. 3. This Act takes effect immediately in accordance with AS 01.10.-  
27 070(c).