

Original sponsors: Cotten, Duncan
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Offered: 4/7/77
Referred: Rules

1 IN THE HOUSE

BY THE COMMERCE COMMITTEE

2 CS FOR HOUSE BILL NO. 149

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the licensing of licensed accoun-
7 tants."

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

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

10 Sec. 08.04.005. LEGISLATIVE INTENT. The legislature determines
11 that (1) the public interest requires and demands the regulation of the
12 practice of accountancy and of the practice of certified public accoun-
13 tants, public accountants, and licensed accountants; (2) the public
14 interest will be better served by its knowledge of the professional ser-
15 vices and capabilities of certified public accountants, public accoun-
16 tants, and licensed accountants; (3) the essential capability distin-
17 guishing the services of certified public accountants and public accoun-
18 tants from the services of licensed accountants is the performance by
19 the certified public accountant and public accountant of the attest
20 function; (4) there are many other functions performed in the practice
21 of accountancy which can be efficiently and effectively performed by
22 licensed professionals other than certified public accountants and
23 public accountants; and (5) the law of Alaska now issues licenses only
24 to certified public accountants and public accountants, and no new
25 licenses to individuals to practice as public accountants are being
26 issued. Therefore, the legislature concludes that it is in the public
27 interest that licenses be issued in the future only to certified public
28 accountants and to licensed accountants and the two groups be recognized
29 as the components of the accounting profession.

1 * Sec. 2. AS 08.04.020 is amended to read:

2 Sec. 08.04.020. APPOINTMENT AND QUALIFICATIONS OF BOARD. The
3 board consists of seven members appointed by the governor. Each member
4 shall be a resident of this state for at least one year. Three members
5 shall be certified public accountants, two members shall be public
6 members in accordance with AS 08.01.025, and the remaining members shall
7 be licensed [PUBLIC] accountants. Except for public members, no one may
8 be appointed who does not hold a current certificate or license issued
9 under the laws of this state. Except for public members, no one may be
10 appointed who is not eligible to receive permits under this chapter.

11 * Sec. 3. AS 08.04.270 is amended to read:

12 Sec. 08.04.270. LICENSE GRANTED. A license as a licensed [PUBLIC]
13 accountant shall be granted by the board to a person who meets the re-
14 quirements of secs. 280 - 320 of this chapter.

15 * Sec. 4. AS 08.04.300(a) and (b) are amended to read:

16 (a) An applicant shall pass a written examination on subjects the
17 board determines appropriate. The board shall designate the examination
18 in advance as an examination for the license of licensed [PUBLIC]
19 accountant; the examination may not be the complete examination given to
20 certified public accountants.

21 (b) The examination shall be given by the board as often as it
22 considers desirable but not less than twice [ONCE] each year.

23 * Sec. 5. AS 08.04.300(c) is repealed and re-enacted to read:

24 (c) The fee for the initial examination and for each reexamination
25 shall be set by the Department of Commerce and Economic Development in
26 regulations adopted by it. The department shall establish the manner in
27 which the fees must be paid.

28 * Sec. 6. AS 08.04.310 is amended to read:

29 Sec. 08.04.310. USE OF TERM "LICENSED [PUBLIC] ACCOUNTANT". A

1 person who receives a license as a licensed [PUBLIC] accountant and who
2 holds a permit issued under secs. 390 - 440 of this chapter, which are
3 both in effect, shall be known as a licensed [PUBLIC] accountant and may
4 use the abbreviation "L.A." ["P.A."].

5 * Sec. 7. AS 08.04.330 is amended to read:

6 Sec. 08.04.330. PARTNERSHIPS OF LICENSED [PUBLIC] ACCOUNTANTS. A
7 partnership engaged in this state in the practice of public accounting
8 may register with the board as a partnership of licensed [PUBLIC]
9 accountants, if it meets the requirements of sec. 340 of this chapter.
10 In each case the board shall determine whether the applicant is eligible
11 for registration. Application for registration of a partnership shall
12 be made upon the affidavit of a general partner of the partnership who
13 is a certified public accountant or licensed [PUBLIC] accountant of this
14 state in good standing. A partnership which is registered and holds a
15 permit issued under secs. 390 - 440 of this chapter may use the words
16 "licensed [PUBLIC] accountants" or the abbreviation "L.A.'s" ["P.A.'S"]
17 in connection with its partnership name. The partnership shall notify
18 the board of any change in partners within one month from the date of
19 the change, and pay a fee of \$5. The board shall prescribe registration
20 procedure by regulation.

21 * Sec. 8. AS 08.04.340(1) is amended to read:

22 (1) at least one general partner is a certified public
23 accountant or licensed [PUBLIC] accountant of this state in good stand-
24 ing;

25 * Sec. 9. AS 08.04.350 is amended to read:

26 Sec. 08.04.350. REGISTRATION OF OFFICES. Each office established
27 or maintained in this state for the practice of public accounting in
28 this state (1) by a certified public accountant, partnership or corpora-
29 tion of certified public accountants, or (2) by a licensed [PUBLIC]

1 accountant, partnership or corporation of licensed [PUBLIC] accountants,
2 shall register annually with the board. No fee may be charged for
3 registration. The board shall prescribe registration procedure by
4 regulation.

5 * Sec. 10. AS 08.04.425(a) and (b) are amended to read:

6 (a) The board shall by regulation prescribe requirements for
7 continuing education for persons licensed to practice either as certi-
8 fied public accountants or as licensed accountants under this chapter.
9 In adopting these regulations, the board may

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

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

15 (b) After the expiration of two years immediately following the
16 effective date of regulations promulgated by the board under (a) of this
17 section as to certified public accountants and after the expiration of
18 two years immediately following the effective date of regulations pro-
19 mulgated by the board under (a) of this section as to licensed accoun-
20 tants, every application for renewal of a permit to practice as a cer-
21 tified public accountant by a person who has held a certificate as
22 certified public accountant for two years or more or for renewal of a
23 permit to practice as a licensed accountant by a person who has held a
24 certificate as a licensed accountant for two years or more shall be
25 accompanied or supported by documents or other evidence indicating
26 satisfaction of the continuing education requirements prescribed by the
27 board during the two years immediately preceding the application.

28 * Sec. 11. AS 08.04.440 is amended to read:

29 Sec. 08.04.440. EFFECT OF FAILURE TO OBTAIN PERMIT. Failure of a

1 person, partnership or corporation to apply for the annual permit to
2 practice or to pay the annual fee within (1) three years from the ex-
3 piration date of the permit to practice or annual registration last
4 obtained or renewed, or (2) three years from the date upon which the
5 certificate holder or licensee was granted his certificate as a certi-
6 fied public accountant or license as a licensed [PUBLIC] accountant
7 deprives him of the right to a permit or annual registration or renewal
8 of a permit, unless the board determines that the failure is excusable.
9 In case of excusable failure, the fee shall not exceed three times the
10 annual fee.

11 * Sec. 12. AS 08.04.450(7) is amended to read:

12 (7) cancellation, revocation, suspension, or refusal to renew
13 authority to practice as a certified public accountant or licensed
14 [PUBLIC] accountant in any other state for any cause other than failure
15 to pay an annual registration fee;

16 * Sec. 13. AS 08.04.520 is amended to read:

17 Sec. 08.04.520. INDIVIDUAL POSING AS LICENSED [PUBLIC] ACCOUNTANT.
18 No person may assume or use the title or designation "licensed [PUBLIC]
19 accountant" or the abbreviation "L.A." ["P.A."] or any [ANY] other
20 title, designation, word, letter, abbreviation, sign, card, or device
21 tending to indicate that he is a licensed [PUBLIC] accountant, unless he
22 holds a live permit and his offices in this state for the practice of
23 public accounting are maintained and registered as required by secs.
24 350 - 380 of this chapter.

25 * Sec. 14. AS 08.04.530 is amended to read:

26 Sec. 08.04.530. PARTNERSHIP OR CORPORATION POSING AS LICENSED
27 [PUBLIC] ACCOUNTANT. No partnership or corporation may assume or use
28 the designation "licensed [PUBLIC] accountant" or the abbreviation
29 "L.A." ["P.A."] or any other title, designation, word, letter, abbrevia-

1 tion, sign, card, or device tending to indicate that the partnership or
2 corporation is composed of licensed [PUBLIC] accountants, unless the
3 partnership or corporation holds a live permit, is practicing under its
4 registered name, and its office in this state for the practice of public
5 accounting is maintained and registered as required by secs. 350 - 380
6 of this chapter.

7 * Sec. 15. AS 08.04.540 is amended to read:

8 Sec. 08.04.540. USE OF DECEPTIVE TITLE OR ABBREVIATION. No per-
9 son, partnership or corporation may assume or use the title or designa-
10 tion "certified accountant", "chartered accountant", "enrolled accoun-
11 tant", "licensed accountant", "registered accountant", or any other
12 title or designation likely to be confused with "certified public
13 accountant" or "licensed [PUBLIC] accountant", or any of the abbrevia-
14 tions "CA", "EA", "LA", "RA", or similar abbreviations likely to be
15 confused with "CPA" or "L.A." ["P.A."]; however, a person, partnership
16 or corporation holding a live permit and whose offices in this state for
17 the practice of public accounting are maintained and registered as
18 required by secs. 350 - 380 of this chapter may hold himself or itself
19 out to the public as an accountant or auditor.

20 * Sec. 16. AS 08.04.560 is repealed and re-enacted to read:

21 Sec. 08.04.560. PROFESSIONAL PRACTICES. No individual may sign
22 his name or a trade or assumed name used by him in his business or pro-
23 fession to an opinion or certificate which indicates in any way that he
24 possesses expert knowledge in accounting or auditing with regard to
25 financial information or facts respecting compliance with conditions
26 established by law or contract, unless he holds a certificate as a
27 certified public accountant issued under the provisions of this chapter.
28 Nothing in this section prohibits a licensed accountant from offering to
29 perform or performing for compensation any of the following services:

- 1 (1) the recording of financial transactions in books of
- 2 record;
- 3 (2) the adjustment of transactions in books of record;
- 4 (3) making trial balances in books of record;
- 5 (4) internal verification and analysis of books or accounts
- 6 or original entry;
- 7 (5) preparation of unaudited financial statements, schedules,
- 8 or reports;
- 9 (6) devising and installing systems or methods of bookkeep-
- 10 ing, internal controls of financial data, or the recording of financial
- 11 data; and
- 12 (7) the preparation of tax returns and related forms.

13 * Sec. 17. AS 08.04 is amended by adding a new section to read:

14 Sec. 08.04.565. EFFECT ON EXISTING LICENSES. A person who on the

15 effective date of this Act held a certificate as a public accountant

16 issued under the provisions of secs. 270 - 340 of this chapter retains

17 the rights and privileges granted to public accountants under sec. 560

18 of this chapter before the effective date of this Act.

19 * Sec. 18. AS 08.04.580 is amended to read:

20 Sec. 08.04.580. PARTNERSHIP POSING AS ACCOUNTANTS OR AUDITORS. No

21 person may sign or affix a partnership name with any wording indicating

22 that it is a partnership composed of accountants or auditors or persons

23 having expert knowledge in accounting or auditing to any accounting or

24 financial statement, or to any opinion, on, report on or certificate to

25 any accounting or financial statement unless the partnership holds a

26 live permit, is practicing under its registered name, and its offices in

27 this state for the practice of certified public accounting are main-

28 tained and registered as required by secs. 350 - 380 of this chapter.

29 * Sec. 19. AS 08.04.600 is amended to read:

1 Sec. 08.04.600. DISCLOSURE OF LACK OF PERMIT. No person, partner-
2 ship or corporation not holding a live permit may hold himself or itself
3 out to the public as a certified public accountant or licensed [PUBLIC]
4 accountant by use of such words or abbreviations on any sign, card,
5 letterhead or in any advertisement or directory, without indicating that
6 the person, partnership, or corporation does not hold a permit. This
7 section does not prohibit (1) an officer, employee, partner, or princi-
8 pal of an organization from describing himself by the position, title,
9 or office which he holds in the organization, (2) an act of a public
10 official or public employee in the performance of his duties, or (3) any
11 person from maintaining a bookkeeping or tax service.

12 * Sec. 20. AS 08.04.610 is amended to read:

13 Sec. 08.04.610. DECEPTIVE USE OF PARTNERSHIP OR CORPORATION TITLE.
14 No person may assume or use the title or designation "certified public
15 accountant" or "licensed [PUBLIC] accountant" or an abbreviation of
16 them, in conjunction with a name indicating or implying that there is a
17 partnership or corporation, or in conjunction with the designation "and
18 Company" or "and Co." or any similar designation unless there is a bona
19 fide partnership or corporation registered under that name. However, a
20 sole proprietor or partnership lawfully using the title or designation
21 "certified public accountant" or "licensed [PUBLIC] accountant" or an
22 abbreviation of them in conjunction with such names or designation on
23 April 26, 1960, may continue to do so if the person or partnership
24 otherwise complies with this chapter.

25 * Sec. 21. AS 08.04.620 is amended to read:

26 Sec. 08.04.620. EXCEPTIONS. Nothing in this chapter prohibits
27 (1) a person not a certified public accountant or licensed
28 [PUBLIC] accountant from serving as an employee of or as an assistant to
29 any person, partnership or corporation holding a live permit so long as

1 the employee or assistant does not use his name in connection with any
2 accounting or financial statement;

3 (2) a certified public accountant or licensed [PUBLIC]
4 accountant from indicating that he holds a certificate or license en-
5 titling him to that designation if he holds a valid certificate or
6 license in any state, but the person shall not indicate that his ser-
7 vices are available to the public unless he holds a live permit issued
8 under this chapter;

9 * Sec. 22. AS 08.04.650 is amended to read:

10 Sec. 08.04.650. SINGLE ACT EVIDENCE OF PRACTICE. The display or
11 uttering by a person of a card, sign, advertisement or other printed,
12 engraved, or written instrument or device, bearing a person's name in
13 conjunction with the words "certified public accountant," or any abbre-
14 viation thereof, or with the words "licensed [PUBLIC] accountant," or
15 any abbreviation thereof, or any words or abbreviations likely to be
16 confused with any of them is prima facie evidence in any action brought
17 under secs. 630 or 640 of this chapter that the person whose name is
18 displayed caused the display or uttering of the card, sign, advertise-
19 ment or written instrument or device, and that the person is holding
20 himself out to be a certified public accountant or licensed [PUBLIC]
21 accountant. In any action, evidence of the commission of a single act
22 prohibited by this chapter is sufficient to justify an injunction or a
23 conviction without evidence of a general course of conduct.

24 * Sec. 23. AS 08.04.660 is amended to read:

25 Sec. 08.04.660. OWNERSHIP OF ACCOUNTANT'S WORKING PAPERS. State-
26 ments, records, schedules, working papers, and memoranda made by a
27 certified public accountant, licensed [PUBLIC] accountant, or registered
28 foreign accountant incident to or in the course of professional service
29 to a client, except reports submitted to a client, are the property of

1 the accountant, in the absence of an express agreement between the
2 accountant and the client to the contrary. No statement, record, sched-
3 ule, working paper, or memorandum may be sold, transferred, or be-
4 queathed to a person other than a partner of the accountant without the
5 consent of the client or his personal representative or assignee.
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