

Introduced: 5/11/85
Referred: Labor & Commerce
and Finance

1 IN THE HOUSE

BY UEHLING

2 HOUSE BILL NO. 441

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FOURTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the practice of public account-
7 ing; and providing for an effective date."

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

9 * Section 1. AS 08.04.020 is repealed and reenacted to read:

10 Sec. 08.04.020. APPOINTMENT AND QUALIFICATIONS OF BOARD. The
11 board consists of seven members. Six members must be certified public
12 accountants, three of whom hold permits to practice under this chapter
13 and are engaged in the practice of public accounting. One member must
14 be a public member.

15 * Sec. 2. AS 08.04.030 is amended to read:

16 Sec. 08.04.030. REMOVAL AND REAPPOINTMENT OF MEMBERS. The
17 governor shall remove from the board a [ANY] member [OF THE BOARD]
18 whose certificate [, LICENSE] or permit has been revoked or suspended.
19 The governor may, after hearing, remove a [ANY] member for neglect of
20 duty or other just cause. [NO PERSON WHO HAS SERVED TWO SUCCESSIVE
21 COMPLETE TERMS MAY BE REAPPOINTED UNTIL ONE YEAR FROM THE EXPIRATION
22 OF THE TERM TO WHICH APPOINTED.]

23 * Sec. 3. AS 08.04.040 is amended to read:

24 Sec. 08.04.040. TERM OF OFFICE. The term of office for each
25 member of the board is three years. A vacancy shall be filled by
26 appointment for the unexpired term [AND ALL VACANCIES SHALL BE FILLED
27 WITHIN 60 DAYS]. After the expiration of a member's term of office
28 the [A] member continues to serve until a successor is appointed and
29 qualifies [, FORMALLY ADVISES THE BOARD OF ACCEPTANCE OF THE

1 APPOINTMENT, AND APPEARS AT THE NEXT MEETING OF THE BOARD].

2 * Sec. 4. AS 08.04.070(a) is amended to read:

3 (a) The board shall elect annually from its members a chairman,
4 [PRESIDING OFFICER, A] secretary, and [A] treasurer. [ONE PERSON MAY
5 HOLD THE OFFICES OF SECRETARY AND TREASURER.]

6 * Sec. 5. AS 08.04.070(b) is amended to read:

7 (b) The board may adopt [AND AMEND] regulations under the Admin-
8 istrative Procedure Act (AS 44.62) for the orderly conduct of its
9 affairs and for the administration of this chapter including regula-
10 tions for

11 (1) the conduct of matters before the board;

12 (2) professional conduct of certified public accountants;

13 (3) partnerships and corporations that practice public
14 accounting, including regulating the use of names and titles, affilia-
15 tions with other organizations, reasonable requirements for unimpaired
16 capital, and professional liability insurance.

17 * Sec. 6. AS 08.04.070(g) is repealed and reenacted to read:

18 (g) The board shall submit an annual report to the governor and
19 provide a copy to any person on request. The report must contain

20 (1) budget information;

21 (2) a cumulative listing of all persons holding a certifi-
22 cate under AS 08.04.100; persons, partnerships, and corporations hold-
23 ing a permit to practice under this chapter; and offices registered
24 under this chapter; and

25 (3) other information the board considers useful.

26 * Sec. 7. AS 08.04.080 is amended to read:

27 Sec. 08.04.080. NOTICE OF PROPOSED REGULATIONS [ADOPTION OF
28 RULES]. In addition to other requirements under the Administrative
29 Procedure Act (44.62), at [THE BOARD MAY ADOPT RULES OF PROFESSIONAL

1 CONDUCT TO ESTABLISH AND MAINTAIN A HIGH STANDARD OF INTEGRITY AND
2 DIGNITY IN THE PROFESSION OF PUBLIC ACCOUNTANCY. AT] least 90 [60]
3 days before [PRIOR TO] the adoption of a regulation [ANY RULE OR
4 AMENDMENT] the board shall mail copies of the proposed regulation
5 [RULE OR AMENDMENT] together with a notice of its proposed effective
6 date to each person certified under this chapter. The notice must
7 include a statement that comments must be submitted at least 45 days
8 before the proposed effective date [BY CERTIFIED MAIL, WITH RETURN
9 RECEIPT REQUESTED, TO EACH HOLDER OF A PERMIT ISSUED UNDER THIS CHAP-
10 TER TO THE ADDRESS OF THE PERMIT HOLDER LAST KNOWN TO THE BOARD].

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

12 Sec. 08.04.100. CERTIFICATION [CERTIFICATE GRANTED]. The board
13 shall grant a certificate of "Certified Public Accountant" [SHALL BE
14 GRANTED BY THE BOARD] to a [ANY] person who

15 (1) is of good character;

16 (2) has a baccalaureate degree or its equivalent conferred
17 by a college or university acceptable to the board with an accounting
18 concentration or its equivalent as determined by the board;

19 (3) has attained in this or another state a minimum grade
20 of 75 on each part of the uniform certified public accountants exam-
21 ination;

22 (4) has passed in this or another state the ethics examina-
23 tion administered by the American Institute of Certified Public Ac-
24 counts [MEETS THE REQUIREMENTS OF AS 08.04.110 - 08.04.130].

25 * Sec. 9. AS 08.04.100 is amended by adding new subsections to read:

26 (b) The board may waive the requirement under (a)(2) of this
27 section if it determines that the educational qualifications of an
28 applicant are an acceptable substitute.

29 (c) The board may refuse to grant a certificate for failure to

1 satisfy (a)(1) of this section only if the board finds there is a
2 substantial connection between the lack of good character of the
3 applicant and the professional responsibilities of a person holding a
4 certificate and if that finding is supported by clear and convincing
5 evidence. When an applicant is found to be unqualified for a certifi-
6 cate because of lack of good character, the board shall furnish the
7 applicant with a statement containing the findings of the board, a
8 complete record of the evidence upon which the determination was made,
9 and a notice of the applicant's right to appeal the decision under the
10 Administrative Procedure Act (AS 44.62).

11 (d) In this section "good character" means lack of a history of
12 dishonest or felonious acts.

13 * Sec. 10. AS 08.04.130 is repealed and reenacted to read:

14 Sec. 08.04.130. EXAMINATION. (a) The board shall hold an
15 examination that satisfies requirements under AS 08.04.100(a)(3) and
16 (4) at least twice each year. The board may offer the examination
17 more frequently.

18 (b) Upon filing an application and paying required fees, a
19 person is eligible to take the examination under this section if the
20 person meets the requirement under AS 08.04.100(a)(1) and

21 (1) the person meets the requirement under AS 08.04.100-
22 (a)(2);

23 (2) the board has waived the requirement under AS 08.04.-
24 100(a)(2) for the person; or

25 (3) the person expects to meet the requirement under
26 AS 08.04.100(a)(2) within 120 days after the examination.

27 (c) An applicant qualified to take the examination under (b)(3)
28 of this section may not receive credit for the examination or for any
29 part of the examination unless the applicant

1 (1) meets the requirement under AS 08.04.100(a)(2) within
2 120 days after the examination; or

3 (2) is granted an extension of time by the board for meet-
4 ing the requirement and meets the requirement within the extension.

5 * Sec. 11. AS 08.04.190 is repealed and reenacted to read:

6 Sec. 08.04.190. EXAMINATION FEES. (a) The department shall
7 adopt regulations under AS 08.01.080 that establish the amount and
8 manner of payment of the fee for evaluation of educational qualifica-
9 tions, initial examination, and for each reexamination. An applicant
10 shall pay the fee at the time of application for examination or re-
11 examination.

12 (b) The department may not establish a fee under (a) of this
13 section unless the board concurs.

14 (c) Fees established under this section shall, to the extent
15 possible, be based on the actual costs to the department of the
16 activity for which the fee is charged.

17 * Sec. 12. AS 08.04 is amended by adding a new section to read:

18 Sec. 08.04.195. PERMIT TO PRACTICE PUBLIC ACCOUNTING. (a) The
19 board shall issue a biennial permit to practice public accounting in
20 this state to a

21 (1) certified public accountant with experience in perform-
22 ing the public attest function that meets requirements established by
23 regulations of the board or other experience that the board determines
24 to be substantially equivalent;

25 (2) partnership or corporation registered under AS 08.04.-
26 240.

27 (b) A permit to practice public accounting expires on the last
28 day of December of the second year after issuance and may be renewed
29 for a period of two years.

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

2 Sec. 08.04.205. SERVICE OF PROCESS ON NONRESIDENTS. (a) Appli-
3 cation for certification under this chapter by a person who is not a
4 resident of this state constitutes the appointment of the lieutenant
5 governor as an agent for service of process in an action or proceeding
6 arising out of a transaction or activity connected with the practice
7 of public accounting in this state by the nonresident.

8 (b) Application for a permit to practice public accounting in
9 this state by a certified public accountant or partnership or corpo-
10 ration of certified public accountants holding a permit to practice
11 public accounting in another state constitutes the appointment of the
12 lieutenant governor as agent for service of process in a proceeding
13 arising out of a transaction connected with the practice of public
14 accounting in this state by the applicant.

15 * Sec. 14. AS 08.04.210 is amended to read:

16 Sec. 08.04.210. EFFECT ON EXISTING CERTIFICATES. A person who,
17 before January 1, 1986 [ON APRIL 26, 1960], held a certificate as a
18 certified public accountant issued under the laws of the Territory or
19 State of Alaska is not required to obtain a certificate under this
20 chapter but is otherwise subject to this chapter. Certificates issued
21 before January 1, 1986, are [APRIL 26, 1960, SHALL BE] considered
22 certificates issued under this chapter. The board shall issue a
23 permit to practice under this chapter to a person who holds a certifi-
24 cate under this section without application.

25 * Sec. 15. AS 08.04.240 is amended to read:

26 Sec. 08.04.240. REGISTRATION OF PARTNERSHIPS AND CORPORATIONS
27 COMPOSED OF CERTIFIED PUBLIC ACCOUNTANTS. (a) A partnership engaged
28 in this state in the practice of public accounting shall [MAY] regis-
29 ter biennially with the board as a partnership of certified public

1 accountants and meet [IF IT MEETS] the following requirements:

2 (1) at least one general partner must be a certified public
3 accountant holding a permit to practice under this chapter [OF THIS
4 STATE IN GOOD STANDING];

5 (2) each partner must be a certified public accountant of
6 some state in good standing; [AND]

7 (3) [EXCEPT AS OTHERWISE PROVIDED IN THIS CHAPTER,] each
8 resident manager in charge of an office of the partnership [A FIRM] in
9 this state, and each partner personally engaged in this state in the
10 practice of public accounting as a member of that partnership [FIRM]
11 must be a certified public accountant holding a permit to practice
12 under this chapter; and

13 (4) the principal purpose and business of the partnership
14 must be to furnish services consistent with this chapter and the
15 regulations adopted under it [OF THIS STATE IN GOOD STANDING].

16 (b) A corporation organized for the practice of public account-
17 ing shall [MAY] register biennially with the board as a corporation of
18 certified public accountants and meet [IF IT MEETS] the following
19 requirements:

20 (1) the principal [SOLE] purpose and business of the corpo-
21 ration must be to furnish [TO THE PUBLIC] services consistent [NOT
22 INCONSISTENT] with this chapter and [OR] the regulations adopted
23 [PROMULGATED] under it [BY THE BOARD; HOWEVER, THE CORPORATION MAY
24 INVEST ITS FUNDS IN A MANNER NOT INCOMPATIBLE WITH THE PRACTICE OF
25 PUBLIC ACCOUNTING];

26 (2) each shareholder of the corporation must be a certified
27 public accountant of some state [IN GOOD STANDING] and must be prin-
28 cipally employed by the corporation or actively engaged in its busi-
29 ness; another [NO OTHER] person may not have an [ANY] interest in the

1 stock of the corporation; the principal officer of the corporation and
2 any officer or director having authority over the practice of public
3 accounting by the corporation must be [A] certified public accountants
4 [ACCOUNTANT] of some state in good standing;

5 (3) at least one shareholder of the corporation must be a
6 certified public accountant holding a permit to practice under this
7 chapter [OF THIS STATE IN GOOD STANDING];

8 (4) [EXCEPT AS OTHERWISE PROVIDED IN THIS CHAPTER,] each
9 resident manager in charge of an office of the corporation in this
10 state and each shareholder or director personally engaged in this
11 state in the practice of public accounting must be a certified public
12 accountant holding a permit to practice under this chapter [OF THIS
13 STATE IN GOOD STANDING];

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

24 (6) the corporation must comply [BE IN COMPLIANCE] with
25 [THOSE] other regulations pertaining to corporations practicing public
26 accounting in this state that the board may adopt [PRESCRIBE].

27 (c) Application for registration must be made upon the affidavit
28 of a general partner or shareholder who is a certified public accoun-
29 tant holding a permit to practice under this chapter [OF THIS STATE IN

1 GOOD STANDING]. The board shall in each case determine whether the
2 applicant is eligible for registration. A partnership or corporation
3 registered under this section shall notify the board within 30 days
4 [WHICH IS SO REGISTERED AND WHICH HOLDS A PERMIT ISSUED UNDER AS 08.-
5 04.400 MAY USE THE WORDS "CERTIFIED PUBLIC ACCOUNTANTS" OR THE
6 ABBREVIATION "CPAs" IN CONNECTION WITH ITS PARTNERSHIP OR CORPORATE
7 NAME. NOTIFICATION SHALL BE GIVEN THE BOARD, WITHIN ONE MONTH,] after
8 the admission or withdrawal of a partner or shareholder [FROM A PART-
9 NERSHIP OR CORPORATION REGISTERED UNDER THIS SECTION].

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

11 Sec. 08.04.245. REGISTRATION AND NOTIFICATION FEE. (a) The
12 department shall establish fees by regulation under AS 08.01.080 for
13 the registration of a partnership or corporation and for notification
14 of the board of the admission or withdrawal of a partner or share-
15 holder. The applicant shall pay the fee when the applicant files the
16 registration form or notice of admission or withdrawal with the board.

17 (b) The department may not establish a fee under (a) of this
18 section unless the board concurs.

19 (c) Fees established under this section shall, to the extent
20 possible, be based on the actual costs to the department of the
21 activity for which the fee is charged.

22 * Sec. 17. AS 08.04.350 is amended to read:

23 Sec. 08.04.350. REGISTRATION OF OFFICES. Each office estab-
24 lished or maintained in this state for the practice of public account-
25 ing in this state (1) by a certified public accountant, partnership or
26 corporation of certified public accountants, or (2) by a public ac-
27 countant, partnership or corporation of public accountants who hold
28 licenses or permits under AS 08.04.661, shall register biennially
29 [ANNUALLY] with the board. [NO FEE MAY BE CHARGED FOR REGISTRATION.]

1 The board shall adopt [PRESCRIBE] registration procedures [PROCEDURE]
2 by regulation.

3 * Sec. 18. AS 08.04.350 is amended by adding a new subsection to read:

4 (b) The department shall establish by regulation under
5 AS 08.01.080 the fee for the registration of an office under this
6 section. The department shall comply with AS 08.04.245(b) and (c) in
7 adopting regulations under this subsection. The applicant shall pay
8 the fee when the applicant files the registration form with the board.

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

10 Sec. 08.04.370. USE OF TITLE "CERTIFIED PUBLIC ACCOUNTANT" BY
11 REGISTERED OFFICE. The title "certified public accountant" or the
12 abbreviation "CPA" may [SHALL] not be used in connection with an
13 office registered under this chapter unless the office is under the
14 direct supervision of a person who holds a permit to practice under
15 this chapter [THE "PERSON IN RESIDENCE" REQUIRED BY AS 08.04.360 IS A
16 CERTIFIED PUBLIC ACCOUNTANT IN THIS STATE].

17 * Sec. 20. AS 08.04.450 is amended to read:

18 Sec. 08.04.450. REVOCATION OR SUSPENSION OF CERTIFICATE, [LI-
19 CENSE,] REGISTRATION OR PERMIT. After notice and hearing under
20 AS 08.04.485, the [THE] board may, for a period not to exceed two
21 years, revoke or suspend a certificate issued under this chapter [OR
22 LICENSE,] or may, for a period not to exceed two years, revoke, sus-
23 pend, or refuse to renew a [ANY] permit or registration issued under
24 this chapter, or may censure a [ANY] certificate holder, licensee,
25 registrant, or permit holder for

26 (1) fraud or deceit in obtaining a [ANY] certificate,
27 [LICENSE,] registration, or permit issued under [REQUIRED BY] this
28 chapter;

29 (2) dishonesty, fraud, or gross negligence in the practice

1 of public accounting, or other acts discreditable to the accounting
2 profession;

3 (3) violation of this chapter [ANY PROVISION OF AS 08.-
4 04.500 - 08.04.610];

5 (4) violation of a rule of professional conduct adopted [OR
6 OTHER REGULATION PROMULGATED] by the board;

7 (5) conviction of an offense [A FELONY] under the laws of
8 the United States, this state or another [ANY] state which, if commit-
9 ted in this state, would have been an offense under the laws of this
10 state [OR OF THE UNITED STATES];

11 (6) [CONVICTION OF ANY CRIME, AN ESSENTIAL ELEMENT OF WHICH
12 IS DISHONESTY OR FRAUD, UNDER THE LAWS OF ANY STATE OR OF THE UNITED
13 STATES;

14 (7)] cancellation, revocation, suspension, or refusal to
15 renew authority to practice as a certified public accountant or public
16 accountant in another [ANY OTHER] state for a [ANY] cause other than
17 failure to pay a [AN ANNUAL REGISTRATION] fee or meet continuing
18 education requirements; or

19 (7) [(8)] suspension or revocation of the right to prac-
20 tice before a [ANY] state or federal agency [; OR

21 (9) REPEALED

22 (10) FAILURE OF A CERTIFIED PUBLIC ACCOUNTANT TO SATISFY THE
23 CONTINUING EDUCATION REQUIREMENTS PRESCRIBED BY THE BOARD UNDER
24 AS 08.04.425, EXCEPT AS CONDITIONED, RELAXED OR SUSPENDED BY THE BOARD
25 UNDER AS 08.04.425(c) AND (d)].

26 * Sec. 21. AS 08.04.470 is amended to read:

27 Sec. 08.04.470. REVOCATION OR SUSPENSION OF PARTNERSHIP OR
28 CORPORATE REGISTRATION OR PERMIT. After notice and hearing under
29 AS 08.04.485, the [THE] board shall revoke the registration and permit

1 to practice of a partnership or corporation if [AT ANY TIME] it does
2 not meet the qualifications prescribed by [THE SECTIONS OF] this
3 chapter under which it qualified for registration.

4 * Sec. 22. AS 08.04.480 is amended to read:

5 Sec. 08.04.480. GROUNDS FOR REVOCATION OR SUSPENSION OF PARTNER-
6 SHIP OR CORPORATE PERMIT. After notice and hearing under AS 08.04.-
7 485, the [THE] board may revoke or suspend the registration and permit
8 to practice of a partnership or corporation, may revoke, suspend or
9 refuse to renew its permit to practice, or may censure the partnership
10 or corporation for any of the causes enumerated in AS 08.04.450 and
11 AS 08.04.470 [08.04.460], or for [ANY OF] the following additional
12 causes:

13 (1) the revocation or suspension of the certificate [,
14 LICENSE] or registration of a [ANY] partner or shareholder;

15 (2) the revocation, suspension, or refusal to renew the
16 permit to practice of a [ANY] partner or shareholder;

17 (3) the cancellation, revocation, suspension, or refusal to
18 renew the authority of the partnership or a [ANY] partner or the
19 corporation or a shareholder to practice public accounting in another
20 [ANY OTHER] state for a [ANY] cause other than failure to pay a [AN
21 ANNUAL REGISTRATION] fee or to meet continuing education requirements
22 [IN THAT STATE].

23 * Sec. 23. AS 08.04 is amended by adding new sections to read:

24 Sec. 08.04.485. HEARINGS. (a) The board may initiate proceed-
25 ings under AS 08.04.450 - 08.04.480 on its own motion, on receiving a
26 complaint, or on receiving notice from another state board of accoun-
27 tancy of its decision to

28 (1) revoke, suspend, or refuse to renew practice privileges
29 granted in the other state to a holder of a certificate, registration,

1 or permit issued under this chapter;

2 (2) censure a person who holds a permit to practice under ^{by}
3 this chapter.

4 (b) The board shall serve a written notice personally or by
5 registered mail addressed to the accused at the address last known to
6 the board at least 30 days before the hearing. The notice must in-
7 clude a statement of the nature of the charges and the time and place
8 of the hearing.

9 (c) If, after having been served with notice, the accused fails
10 to appear at the hearing, the board may proceed to hear the evidence
11 and may enter an order justified by the evidence. The order is final
12 unless the accused petitions for a review. However, within 30 days
13 after the date of an order, upon a showing of good cause for failing
14 to appear, the board may reopen the proceeding and permit the accused
15 to submit evidence.

16 (d) The accused may appear in person at a hearing, be repre-
17 sented by counsel, produce evidence and witnesses, crossexamine wit-
18 nesses, and examine evidence produced against the accused. A partner-
19 ship may be represented before the board by counsel or by a partner.
20 A corporation may be represented before the board by counsel or by a
21 shareholder.

22 (e) The board or a member of the board may issue subpoenas to
23 compel the attendance of witnesses and the production of documents,
24 administer oaths, take testimony, hear evidence, and receive exhibits
25 in evidence. On application of the accused, the board shall issue
26 subpoenas to compel the attendance of witnesses. If a subpoena is not
27 obeyed, the board may invoke the aid of the court in requiring the
28 attendance and testimony of witnesses and the production of documen-
29 tary evidence.

1 (f) A hearing under this section is not limited by technical
2 rules of evidence and is not subject to the Administrative Procedure
3 Act (AS 44.62).

4 (g) The board shall make and preserve a record of a hearing.

5 (h) The attorney general shall represent the board at each
6 hearing held under this section.

7 (i) The board shall render a decision by majority vote.

8 Sec. 08.04.486. REVIEW. (a) A person adversely affected by an
9 order of the board after a hearing under AS 08.04.485 may petition for
10 court review within 30 days after the entry of the order. A copy of
11 the petition shall be served on a member of the board. Upon service
12 of the petition on the board, the board shall certify and file in the
13 court a transcript of the record upon which the order was entered.

14 (b) Review under this section shall be de novo on the record.
15 The parties may not introduce new or additional evidence but may file
16 briefs with the court in support of their arguments.

17 (c) The court may affirm, modify, or set aside the order of the
18 board in whole or in part or may remand the case to the board for
19 further evidence. The court may stay the effect of the order pending
20 its determination of the case.

21 Sec. 08.04.487. NOTICE OF DISCIPLINARY ACTION TO OTHER STATES.
22 Upon taking disciplinary action under AS 08.04.450 - 08.04.480, the
23 board shall determine whether the person disciplined holds a certifi-
24 cate, registration or permit to practice public accounting in another
25 state. If the person holds a certificate, registration or permit, the
26 board shall notify the board of accountancy of the other state in
27 writing within 30 days of the disciplinary action taken against the
28 person.

29 * Sec. 24. AS 08.04.500(a) is amended to read:

1 (a) An individual, partnership, or corporation [A PERSON] may
2 not assume or use the title or designation "certified public account-
3 tant" or the abbreviation "CPA" or any other title, designation, word,
4 letter, abbreviation, sign, card, or device tending to indicate that
5 person is a certified public accountant, or that the partnership or
6 corporation is composed of certified public accountants, unless

7 (1) the individual [PERSON] has received a certificate of
8 "Certified Public Accountant" or is licensed in another state as a
9 certified public accountant; or

10 (2) the partnership or corporation is registered and holds
11 a permit to practice under this chapter, is practicing under its
12 registered name, and its offices in this state for the practice of
13 public accounting are maintained and registered as required by this
14 chapter [, HOLDS A PERMIT ISSUED UNDER AS 08.04.390 - 08.04.440,
15 HEREINAFTER REFERRED TO AS A "LIVE" PERMIT, AND ALL OF THE PERSON'S
16 OFFICES IN THIS STATE FOR THE PRACTICE OF PUBLIC ACCOUNTING ARE MAIN-
17 TAINED AND REGISTERED AS REQUIRED BY AS 08.04.350 - 08.04.380].

18 * Sec. 25. AS 08.04.500(b) is repealed and reenacted to read:

19 (b) In addition to the requirements of (a) of this section, a
20 person who is offering auditing, bookkeeping, tax, or other financial
21 services to the public may not display a "Certified Public Accountant"
22 certificate or use the title or designation "CPA" or any other title,
23 designation, word, letter, abbreviation, sign, card or device tending
24 to indicate that the person is a certified public accountant unless
25 that person holds a permit to practice under this chapter.

26 * Sec. 26. AS 08.04.520 is amended to read:

27 Sec. 08.04.520. [INDIVIDUAL] POSING AS PUBLIC ACCOUNTANT. An
28 individual, partnership or corporation [A PERSON] may not assume or
29 use the title or designation "public accountant" or the abbreviation

1 "PA" or other title, designation, word, letter, abbreviation, sign,
2 card, or device tending to indicate that the individual [THAT PERSON]
3 is a public accountant, or that the partnership or corporation is
4 composed of public accountants, unless

5 (1) the individual [PERSON] holds a [LIVE] permit to prac-
6 tice under this chapter and the individual's [PERSON'S] offices in
7 this state for the practice of public accounting are maintained and
8 registered as required by AS 08.04.350 - 08.04.370; or

9 (2) the partnership or corporation holds a permit to prac-
10 tice under this chapter, is practicing under its registered name, and
11 its office in this state for the practice of public accounting is
12 maintained and registered as required by AS 08.04.350 - 08.04.370
13 [AS 08.04.350 - 08.04.380].

14 * Sec. 27. AS 08.04.560 is amended to read:

15 Sec. 08.04.560. INDIVIDUAL MAY NOT ASSUME TITLE. A person may
16 not sign or affix a [ANY NAME OR ANY] trade or assumed name used by
17 that person to any accounting or financial statement [, OR OPINION OR
18 REPORT ON ANY ACCOUNTING OR FINANCIAL STATEMENT] with any wording
19 indicating that the person is a certified public accountant or public
20 accountant or with any wording indicating that the person has expert
21 knowledge in accounting or auditing, unless the person holds a [LIVE]
22 permit to practice under this chapter and the person's offices in this
23 state for the practice of public accounting are maintained and regis-
24 tered under AS 08.04.350 - 08.04.370 [AS REQUIRED BY AS 08.04.350 -
25 08.04.380].

26 * Sec. 28. AS 08.04.580 is amended to read:

27 Sec. 08.04.580. PARTNERSHIP OR CORPORATION POSING AS ACCOUNTANTS
28 OR AUDITORS. A person may not sign, associate, or affix a partnership
29 or corporate name with any wording indicating that it is a partnership

1 or corporation composed of accountants or auditors or persons having
2 expert knowledge in accounting or auditing to any accounting or finan-
3 cial statement, or to any opinion or [, ON,] report on or certificate
4 to any accounting or financial statement unless the partnership or
5 corporation holds a [LIVE] permit to practice under this chapter, is
6 practicing under its registered name, and its offices in this state
7 for the practice of public accounting are maintained and registered
8 under AS 08.04.350 - 08.04.370. A person may not indicate that a
9 corporation is performing services as accountants or auditors unless
10 the corporation meets the requirements of this section [AS REQUIRED BY
11 AS 08.04.350 - 08.04.380].

12 * Sec. 29. AS 08.04.620 is amended to read:

13 Sec. 08.04.620. EXCEPTIONS. Nothing in this chapter prohibits

14 (1) a person not a certified public accountant or public
15 accountant from serving as an employee of or as an assistant to a
16 [ANY] person, partnership or corporation holding a [LIVE] permit to
17 practice under this chapter so long as the person [EMPLOYEE OR ASSIS-
18 TANT] does not use the person's [EMPLOYEE'S OR THE ASSISTANT'S] name
19 in connection with an [ANY] accounting or financial statement;

20 (2) a person licensed or certified as a certified public
21 accountant or public accountant in another state from indicating that
22 the person [CERTIFIED PUBLIC ACCOUNTANT OR PUBLIC ACCOUNTANT] holds a
23 certificate or license entitling the person [CERTIFIED PUBLIC ACCOUN-
24 TANT OR PUBLIC ACCOUNTANT] to that designation; however [IF THE CER-
25 TIFIED PUBLIC ACCOUNTANT OR PUBLIC ACCOUNTANT HOLDS A VALID CERTIFI-
26 CATE OR LICENSE IN ANY STATE, BUT] the person may [SHALL] not indicate
27 that services are available to the public unless the person [CERTIFIED
28 PUBLIC ACCOUNTANT OR PUBLIC ACCOUNTANT] holds a [LIVE] permit to
29 practice [ISSUED] under this chapter;

1 (3) a holder of a certificate, license, or degree from a
2 foreign country that [WHICH] constitutes a recognized qualification
3 for the practice of public accounting in that country from indicating
4 that the person holds the certificate, license, or degree; however [,
5 BUT] the person may [SHALL] not indicate that the person's services
6 are available to the public unless the person holds a [LIVE] permit to
7 practice [ISSUED] under this chapter.

8 * Sec. 30. AS 08.04.620 is amended by adding new paragraphs to read:

9 (4) an accountant, partnership or corporation holding a
10 certificate or permit under this chapter, or any of their employees,
11 from disclosing information in confidence to other accountants, part-
12 nerships or corporations holding certificates or licenses under this
13 chapter engaged in conducting public accounting reviews or any of
14 their employees in connection with reviews of public accounting and
15 auditing practice conducted by a recognized professional association;

16 (5) an accountant, partnership or corporation holding a
17 certificate or permit under this chapter, or any of their employees,
18 from disclosing information in confidence to a recognized professional
19 association, or a person or committee authorized by the association in
20 connection with a professional ethics investigation;

21 (6) a person, partnership, or corporation not holding a
22 permit to practice public accounting under this chapter from offering
23 or rendering to the public bookkeeping and tax services, including
24 devising and installing systems, recording and presentation of finan-
25 cial information or data, preparing financial statements or similar
26 services; however a person, partnership, or corporation may not issue
27 an accounting or financial statement with any wording indicating that
28 the person, partnership, or corporation

29 (A) is a certified public accountant or public accoun-

1 tant, or is composed of certified public accountants or public
2 accountants; or

3 (B) has expert knowledge in accounting or auditing
4 unless the person, partnership, or corporation holds a permit to
5 practice under this chapter.

6 * Sec. 31. AS 08.04.630 is amended to read:

7 Sec. 08.04.630. INJUNCTION AGAINST UNLAWFUL ACT. Whenever, in
8 the judgment of the board, a [ANY] person has engaged, or is about to
9 engage, in an [ANY] act that violates this chapter [WHICH CONSTITUTES
10 A VIOLATION OF AS 08.04.500 - 08.04.610], the board may apply to the
11 [APPROPRIATE] court for an order enjoining the act. Upon a showing by
12 the board that a person has engaged, or is about to engage, in the
13 act, the court shall grant an injunction or [ANY] other appropriate
14 order without bond.

15 * Sec. 32. AS 08.04.640 is amended to read:

16 Sec. 08.04.640. PENALTY. A [ANY] person who violates this
17 chapter [ANY PROVISION of AS 08.04.500 - 08.04.610] is guilty of a
18 class A misdemeanor [AND UPON CONVICTION IS PUNISHABLE BY A FINE OF
19 NOT MORE THAN \$500, OR BY IMPRISONMENT FOR NOT MORE THAN ONE YEAR, OR
20 BY BOTH]. Whenever the board has reason to believe that a [ANY]
21 person has violated this chapter [ANY PROVISION OF AS 08.04.500 -
22 08.04.610] it may certify the facts to the attorney general [OF THIS
23 STATE] or other appropriate enforcement officer, who may cause [APPRO-
24 PRIATE] proceedings to be brought.

25 * Sec. 33. AS 08.04.650 is amended to read:

26 Sec. 08.04.650. [SINGLE ACT] EVIDENCE OF PRACTICE. (a) Except
27 as permitted by this chapter, the [THE] display or presenting [UTTER-
28 ING BY A PERSON] of a card, sign, advertisement or other printed, en-
29 graved, or written instrument or device, bearing a person's name in

1 conjunction with the words "certified public accountant," or an [ANY]
2 abbreviation of them [THEREOF], or with the words "public accountant,"
3 or an [ANY] abbreviation of them [THEREOF], or any words or abbrevia-
4 tions likely to be confused with [ANY OF] them is prima facie evidence
5 in an [ANY] action brought under this chapter [AS 08.04.630 OR 08.04.-
6 640] that the person whose name is displayed caused the display or
7 presenting [UTTERING] of the card, sign, advertisement or written
8 instrument or device, and that the person is holding out to be a
9 certified public accountant or public accountant.

10 (b) In an [ANY] action, evidence of the commission of a single
11 act prohibited by this chapter is sufficient to justify an injunction
12 or a conviction without evidence of a general course of conduct.

13 * Sec. 34. AS 08.04.660 is amended to read:

14 Sec. 08.04.660. OWNERSHIP OF ACCOUNTANT'S WORKING PAPERS.
15 Statements, records, schedules, working papers, and memoranda made by
16 a certified public accountant or [,] public accountant [, OR REGIS-
17 TERED FOREIGN ACCOUNTANT] incident to or in the course of professional
18 service to a client, except reports submitted to a client, are the
19 property of the accountant [,] in the absence of an express agreement
20 between the accountant and the client to the contrary. A [NO] state-
21 ment, record, schedule, working paper, or memorandum may not be sold,
22 transferred, or bequeathed to a person other than a partner of the
23 accountant, the accountant's corporation, or the successor in interest
24 to the partnership or corporation without the consent of the client or
25 the client's personal representative or assignee.

26 * Sec. 35. AS 08.04 is amended by adding a new section to read:

27 Sec. 08.04.663. CONFIDENTIAL COMMUNICATIONS. (a) A certified
28 public accountant, public accountant, partnership or corporation of
29 certified public accountants, partnership or corporations of public

1 accountants, or any of their employees may not disclose confidential
2 information obtained in the course of performing professional public
3 accounting services except with the consent of the client or former
4 client, or as disclosure may be required by law, legal process, the
5 standards of the profession, or as permitted under AS 08.04.620(4) or
6 (5).

7 (b) This section may not be construed as limiting the authority
8 of the state, the United States, or an agency of the state or United
9 States to subpoena and use information in connection with an inves-
10 tigation, public hearing or other proceeding. This section may not be
11 construed as prohibiting a certified public accountant or public
12 accountant whose professional competence has been challenged in court
13 or before an administrative agency from disclosing confidential infor-
14 mation as part of a defense to the court action or administrative
15 proceeding.

16 * Sec. 36. AS 08.04.680 is amended by adding new paragraphs to read:

17 (5) "certified public accountant" means a person holding a
18 certificate of "Certified Public Accountant" issued under this chapter
19 or the laws of another state;

20 (6) "opinions on financial statements" means reports based
21 on examinations in accordance with generally accepted auditing stan-
22 dards as to whether the presentation of information used for guidance
23 in financial transactions or for accounting for or assessing the
24 status or performance of commercial and noncommercial enterprises,
25 whether public, private, or governmental, is in conformity with gener-
26 ally accepted accounting principles or other comprehensive basis of
27 accounting;

28 (7) "practice of public accounting" means the performing or
29 offering to perform one or more services involving the use of account-

1 ing or auditing skills, including issuing reports on financial state-
2 ments or management, advising or consulting on the preparation of tax
3 returns, or advising on tax matters;

4 (8) "report" means a brief description based on the accoun-
5 tant's professional judgment conveying the nature and extent of ser-
6 vices performed and the degree of responsibility assumed for the
7 client's representations contained in the related financial state-
8 ments.

9 * Sec. 37. A member of the Board of Public Accountancy serving on the
10 effective date of this Act shall serve until the term expires. The gover-
11 nor shall appoint a new member under AS 08.04.020 as amended by sec. 2 of
12 this Act.

13 * Sec. 38. AS 08.04.050, 08.04.070(f), 08.04.110, 08.04.120, 08.04.140,
14 08.04.150, 08.04.170, 08.04.180, 08.04.200, 08.04.260, 08.04.360, 08.04.-
15 380 - 08.04.420, 08.04.425(d)(2)(A), 08.04.430, 08.04.440, 08.04.460,
16 08.04.510, 08.04.530, 08.04.540, 08.04.590, 08.04.600, 08.04.680(3), and
17 AS 44.62.330(a)(12) are repealed.

18 * Sec. 39. This Act takes effect January 1, 1986.