

**HB**

**274**

**HFIN**

**FILE**



# FISCAL NOTE

**STATE OF ALASKA**  
**2006 LEGISLATIVE SESSION**

Fiscal Note Number: 1  
 Bill Version: CSSSHB 274(L&C)  
 (H) Publish Date: 2/3/06

Revision Date/Time (Note if correction): \_\_\_\_\_ Dept. Affected: Commerce  
 Title: Public Accountants RDU: Corp. Bus & Prof Licensing (117)  
 Component: Corp. Bus & Prof Licensing  
 Sponsor: Hawker  
 Requester: Labor & Commerce Component No.: 2360

**Expenditures/Revenues** (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

<b>CAPITAL EXPENDITURES</b>						
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<b>CHANGE IN REVENUES ( )</b>						
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**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
1155 Receipt Supported Services						
<b>TOTAL</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Estimate of any current year (FY2006) cost: 0.0

Mark this box (X) if funding for this bill is included in the Governor's FY 2007 budget proposal:

**POSITIONS**

Full-time						
Part-time						
Temporary						

**ANALYSIS:** (Attach a separate page if necessary)

SSHB 274 makes changes to AS 08.04 governing the licensure and practice of accountants in Alaska. New funds are not required to implement the provisions of this bill.

Prepared by: Jennifer Strickler, Chief  
 Division: Corporations and Licensing  
 Approved by: William C. Noll, Commissioner  
 Agency: Commerce, Community and Economic Development

Phone: (907) 465-2144  
 Date/Time: 1/30/06 11:57 AM  
 Date: 1/30/2006

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Sponsor: Hawker Component: Corp. Bus & Prof Licensing  
Requester: Labor & Commerce Component No.: 2360

**Expenditures/Revenues** (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 20.2
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

<b>CAPITAL EXPENDITURES</b>						
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<b>CHANGE IN REVENUES ( )</b>						
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1002 Federal Receipts						
1003 GF Match						
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1005 GI/Program Receipts						
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1156 Receipt Supported Services						
<b>TOTAL</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Estimate of any current year (FY2006) cost: 0.0

Mark this box (X) if funding for this bill is included in the Governor's FY 2007 budget proposal:

**POSITIONS**

Full-time						
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**ANALYSIS:** (Attach a separate page if necessary)

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Phone: (907) 465-2144  
Date/Time: 1/30/06 11:57 AM  
Date: 1/30/2006

adopted 2/9/06

AMENDMENT 1

OFFERED IN THE HOUSE

BY REPRESENTATIVE HAWKER

TO: CSSSHB 274 (Work draft 24-LS0176\C)

- 1 Page 10, line 29 following "AS 08.04.420 or 08.04.420"
- 2 DELETE "(b)"
- 3 INSERT "(c)"
- 4
- 5 Page 15, line 6 AND Page 15, line 16 following "quality review"
- 6 DELETE "required by"
- 7 INSERT "under"
- 8
- 9 Page 17, line 21 following "Revocation"
- 10 INSERT "[OR SUSPENSION]"

2/9/06 - adopted

24-LS0176C  
Bannister  
2/8/06

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

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-FOURTH LEGISLATURE - SECOND SESSION

BY

Offered:  
Referred:

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 08.04.126; 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  
31 the board as a certified public accountant or [AND WHO] holds a practice privilege

1 or 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 08.04.530 -  
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(b) [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

1 (B) in instances of individual hardship.

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

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

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

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

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

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

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

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

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

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

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

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

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

31 Sec. 08.04.440. Effect of failure to obtain license, permit, or practice

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

17 \* Sec. 29. AS 08.04.450 is amended to read:

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

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

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

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

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

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

States;

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

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

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

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

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

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

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

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

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

Sec. 08.04.480. Grounds for revocation or suspension of permit of partnership, limited liability company, corporation, or other legal entity [CORPORATE PERMIT]. The board may revoke or suspend the [REGISTRATION 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 [CR]  
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 individua. [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 [LICENSEF], may not

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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.

# Sponsor Substitute for House Bill 274

## Sectional Analysis for Work Draft Version 24-LS0176\C

Prepared by Representative Mike Hawker's Office

Updated February 9, 2006

**Note:** Throughout this document "conforming language" changes generally refer to adopting contemporary legislative drafting conventions or incorporating newly defined terms without making substantive changes in existing statutes.

- Section 1:** Conforms language in existing statutes regarding exemptions to the Revised Alaska Trust Company Act.
- Section 2:** Updates terminology in the "purpose" section of the public accounting statutes replacing the word "accountancy" with "accounting" when referring to the public "accounting" profession.
- Section 3:** Conforms language in the section setting qualifications for members of the Board of Public Accountants.
- ❖ **\*NEW CS:** removes "under AS 08.04.105." The definition of "license" includes this statutory reference.
- Section 4:** Conforms language in the section regarding removal of board members.
- Section 5:** Operates in conjunction with bill section 22 to allow a practice privilege to be granted to an applicant whose qualifications are "substantially equivalent" to standards established by the board. This section requires the board to determine if the qualifications of another state or an applicant are substantially equivalent to either the national standard or another standard established by the board.
- Section 6:** Requires the board to notify permit/license holders of proposed changes by mail, but eliminates requirement for the mail to be certified, return receipt. This is a cost containment initiative requested by the board.
- Section 7:** Requires the board to adopt specific regulations defining attest functions. Allows the board to use criteria established by a nationally recognized professional organization for accountants. This section operates in conjunction with bill sections 23 and 25 increasing supervision and regulation of licensees performing attest function.
- ❖ **Section 8:** **\*NEW IN CS:** Clarifies that a certificate does not authorize a CPA to practice – a license is also required. *This is current practice but the disclaimer is printed on the certificate and does not appear in statute.*
- Section 9:** Replaces code section AS 08.04.390, which is repealed by section 49 of this bill. Specifies requirements for an individual to receive a license to engage in the practice of public accounting and adds requirements for renewal of a license.
- ❖ **\*NEW CS:** removes "or a renewal granted under this section." This language was intended to include renewals for licenses under 08.04.195, but was confusing. The CS adds a new section 15 to take care of these renewals.

- Section 10:** Conforms language in the section regarding personal requirements.
- Section 11:** Requires CPA applicants to have a baccalaureate degree with an accounting concentration and two years experience. The alternate provision in current law allowing an applicant to have a baccalaureate degree in any subject and three years of experience is eliminated.
- Section 12:** Conforms language in the section regarding examinations.
- Section 13:** Conforms language in the section regarding prior applicants.
- Section 14:** 1) Makes conforming changes in the section regarding reciprocity with other jurisdictions.
- 2) Changes the reciprocity requirement for experience outside Alaska from five to four years. This change conforms Alaska statute to provisions of the "Uniform Accountancy Act" published by the American Institute of Certified Public Accountants.
- ❖ \*NEW CS: replaces the term "qualifying territory" with "state." State is already defined in statute.
- ❖ **Section 15:** \*NEW IN CS: Allows the board to renew licenses issued under AS 08.04.195. See description under Section 9.
- Section 16:** Conforms language in the section regarding an individual's use of the title "Certified Public Accountant."
- Section 17:** Conforms language in the section grandfathering certificates held on April 26, 1960.
- Section 18:** Adds "or other legal entity" to the section regarding registration of partnerships, limited liability companies, and corporations. This is a "catch-all" clause anticipating continued evolution and emergence of business organizational structures. Updates and conforms related language in this section.
- ❖ \*NEW CS: Replaces the word "registers" with "applies" and removes "Registration." This more accurately describes what corporations will do – apply for a permit.
- Section 19:** New subsection replaces section AS 08.04.400, which is repealed by section 49 of this bill. Specifies how long a permit is valid and provides a renewal procedure. Allows a partnership that was registered on June 29, 1980 to qualify for a permit if each partner holds a license or permit to engage in public accounting. Adds registration requirements for an "other legal entity" recognized in bill section 16 consistent with existing requirements for partnerships, limited liability companies, and corporations.
- ❖ \*NEW CS: Replaces the word "registers" with "applies." See description for Section 18.

- Section 20:** Conforms language in the section requiring all practice offices to be supervised by a licensed individual.
- ❖ \*NEW CS: removes "under AS 08.04.105. and under 08.04.420. The definitions of "license" and "practice privilege" include this statutory reference.
- Section 21:** Prohibits use of the title "Certified Public Accountant" in connection with an accounting office unless the supervision requirement of AS 08.04.360 is satisfied. This is mostly conforming language.
- ❖ \*NEW CS: replaces "a person" with "an organization." Conforms the language to the title of the section.
- Section 22:** Conforms language in the section allowing the board to waive office and supervision requirements for offices in communities with 2,000 or less residents if the accounting firm maintains another office in the state that meets the supervision requirements.
- Section 23:** Conforms language in the section allowing former licensees who are not practicing to inactivate and maintain their license in good standing by notifying the board and paying a fee.
- Section 24:** Repeals and reenacts the section providing specific criteria under which individuals and firms whose principal place of business is in another state may be permitted to practice in Alaska.
- ❖ \*NEW CS: replaces the term "qualifying territory" with "state." State is already defined in statute.
- Section 25:** New section requiring a licensee to meet competency requirements established by the board before performing attest functions.
- Section 26:** Conforms language in the section regarding continuing education.
- Section 27:** Reenacts the section to make quality reviews and providing a statutory framework for the performance of those reviews. Also adopts conforming language.
- ❖ \*NEW CS: Section is reworded to keep the quality reviews voluntary, instead of mandatory. The intent of this section was to clarify what must be in quality reviews for CPAs that perform attest functions. Current regulations require all CPAs who perform attest functions undergo a quality review, but exempts those that do not perform attest functions. The CS ensures that the exemption remains.
- Section 28:** Conforms language in the section regarding failure to obtain a permit.
- Section 30:** Conforming changes to the section regarding revocation of a license, practice privilege or permits. Adds authority to revoke if the permittee/licensee has committed an act in another state for which they would be disciplined if the act had been committed here.

- ❖ \*NEW CS: removes the term "suspension" from the title. This is a technical change since "suspension" doesn't appear in the section.

**Section 31:** Conforms language in the section regarding revocation or suspension of permits.

**Section 32:** Conforms language in the section regarding reinstatement.

**Section 33:** Conforms language in the section regarding fees.

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- ❖ \*NEW CS: Rewords the last sentence to conform to changes made in Section 18. See description for Section 18 regarding applying instead of registering.

**Section 39:** Conforms language in the section regarding use of deceptive titles or abbreviations.

**Section 40:** Conforms language in the section regarding individuals assuming titles of public accounts.

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**Section 42:** Conforms language in the section regarding the use of title with corporate name.

**Section 43:** Conforms language in the section regarding the use of title with limited liability company name.

**Section 44:** New section to conform prohibition for use of title to the name of other entity. Required by inclusion of "other entity" in bill section 16.

**Section 45:** Conforms language in the section regarding disclosure of lack of a permit.

- ❖ \*NEW CS: removes "under 08.04 240. The definition of "permit" includes this statutory reference.

**Section 46:** Conforms language in the section regarding deceptive use of title by a partnership, limited liability company, corporation or other entity.

**Section 47:** Conforms language in the section regarding exceptions to the statute.

- ❖ \*NEW CS: removes "under 08.04.240. The definition of "permit" includes this statutory reference.
- ❖ **Section 48:** \*NEW IN CS: Removes an obsolete provision in statute regarding board action to reflect current practice of investigation of violations.
- ❖ **Section 49:** \*NEW IN CS: Removes an obsolete term in statute.
- Section 50:** Conforms language in the section regarding previous licensure.
- Section 51:** Conforming language in the section regarding prohibited disclosures.
  - ❖ \*NEW IN CS: Section reworded to ensure that permit holders were included.
- Section 52:** Definitions section. Specifies that the definitions in this section do not apply if context dictates otherwise. Adds definitions for the following terms: attest function, legal entity, partnership, permit, practice of public accounting, practice privilege, and principal place of business. Amends the definition of "report" by adding disclaimer language endorsed in the Uniform Accounting Act to existing "safe harbor" language.
  - ❖ \*NEW IN CS: New definition of "certificate." This clarifies that a certificate is what is granted under AS 08.04.100.
- Section 53:** Repeals sections of law regarding permits that are made obsolete by the bill. The sections are embodied in various sections of the bill.
  - ❖ \*NEW IN CS: Additional repeals: AS 08.04.070 (d) and (e). These functions are currently done by the division staff.
- Section 54:** Allows the board to adopt regulations to implement the bill.
- Section 55:** Provides transitional provisions for current permittees.
  - ❖ \*NEW IN CS: This section was reworded for clarity.
- Section 56:** Provides transitional provisions for current board members.
- Section 54:** Immediate effective date for section 54.
- Section 58:** Provides a January 1, 2008 effective date for the remaining sections.

**Sponsor Substitute for House Bill 274**  
**Sectional Analysis for CSSHB 247**  
**Work Draft Version 24-LS0176\C**

Prepared by Representative Mike Hawker's Office  
Updated February 9, 2006

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# Representative Mike Hawker

## Alaska State Legislature



### House Bill 274 Sponsor Statement

**"An Act relating to the practice of accounting; and providing for an effective date."**

HB 274 updates Alaska's statutory framework regulating the professional practice of accounting. This bill moves our statutes toward the standardized structure recommended in the model National Uniform Accountancy Act developed by the American Institute of Certified Public Accountants.

Adopting these changes will facilitate the practice of Alaska public accountants in other jurisdictions, ensure the qualifications of non-resident public accountants practicing in Alaska and aid the conduct of interstate commerce. These more contemporary statutes are important to keep Alaska competitive in today's dynamic international business environment and provide the greatest possible consumer protection for the public relying upon the work performed by Certified Public Accountants.

HB 274 increases the supervision and regulation of public accountants who provide auditing services; establishes a mechanism to grant temporary practice privileges to public accountants and public accounting firms licensed in other states; expands peer quality review requirements; and ensures that public accountants meet appropriate education and experience standards.

The Alaska Society of Certified Public Accountants supports House Bill 274.

#### *Session:*

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# ALASKA STATE LEGISLATURE HOUSE FINANCE COMMITTEE

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State Capitol, Juneau, Alaska 99801-1182

## MEMORANDUM

DATE: February 9, 2006  
TO: House Finance Committee members  
FROM: Representative Kevin Meyer *KM/SL*  
RE: Blank committee substitute for HB 274

Attached to this memo is a brief explanation of the changes that have been incorporated into blank committee substitute for HB 274.

Comments were requested by the Department of Law. The changes are largely clarifying changes and clarification of requirements for the licensure of public accountants. A representative from the Department of Law will be available for questions.

Changes Incorporated into Blank Committee Substitute for HB 274  
House Finance Committee  
February 9, 2006

The following changes were incorporated into a blank committee substitute for HB 274. The changes were at the request of the Department of Law. A representative of the Department of Law or the sponsor will explain why the change was necessary. Most of the changes are for clarification and drafting purposes.

Section 3

Page 2, line 19

Following "license"

Delete "under AS 08.04.105"

Section 8

Page 3

Rewritten

Section 8 in the L&C version needed to be re-written because it treated the renewal of licenses by reciprocity differently. In the blank committee substitute, a new section was added, Section 15, that amends the current statute pertaining to reciprocity and licensing. Now AS 08.04.195 pertains to reciprocity, licensing, and renewal of license.

Section 11

Page 4

Removes "certificate" from AS 08.04.120(b) and replaces it with "license." A conforming amendment.

Section 14

Page 5

"Jurisdiction" was changed to "states" and defined in the definition section, Section 52. In the context of this legislation, "state" is usually preceded by "another" or "other" to avoid confusion with Alaska.

Section 20

Page 10, line 22

Removes a statutory reference.

Section 21

Page 10

The section pertains to use of titles by organizations. In the L&C version, a reference to "person" was inserted, instead of "organization."

Section 27

Page 15

Quality Review

The Department of Law was concerned that the Board of Public Accountancy would not be able to exempt or have a lesser degree of quality review requirements for Certified Public Accountants that do not do attest functions. The board currently can do this in regulations. The section was changed to allow the board to adopt regulations that may

Changes Incorporated into Blank Committee Substitute for HB 274  
House Finance Committee  
February 9, 2006

provide for different review standards for different accountants. Quality reviews are still required by statute, however, flexibility is given to the board on regulating this standard.

Section 29

Page 16, line 18

Deletes "suspension" under this section. This section now only allows for revocation of permits of partnerships, limited liability companies, corporations, or other legal entities.

Section 45

Page 23

Statutory reference was removed.

Section 47

Page 24

Statutory reference was removed

Section 48

Page 25

New Section

Relates to penalties for violations of AS 08.04.500-08.04.610.

Section 49

Page 25

New Section

Amends AS 08.04.660 to clarify the ownership of work papers of a certified public accountant or a public accountant, but not a registered foreign accountant.

Section 52

Page 26

Added a definition for "s'te"

Section 55

Page 29

The transitional provisions were clarified. Provides that a person with a current permit on or after January 1, 2008, may operate under that current permit and the statutes governing it, until it expires. Then, when the permit is renewed, it will be under the new statutes in effect on or after January 1, 2008.

Until the individual receives a renewal notice, they are considered to be in compliance with the license requirements

Don Bremner  
PO Box 20161  
Juneau, Alaska 99802  
Ph: 907-463-7124  
E-mail: [dbremner@gci.net](mailto:dbremner@gci.net)

Feb 1, 2006

RE: Supportive Comment on SSHB 274

Dear Representative Anderson and members of the Committee;

My name is Don Bremner, I'm a Board of Director of the Yak-Tat Kwaan, Inc.(YKI) Native village corporation in Yakutat Alaska. YKI is formed under ANCSA of 1971 and State corporation laws.

I'm here to speak in favor of SSHB 274.

There are a couple of reasons that make clear the need for this Bill;

1. This Bill draws a clear line between qualified and unqualified accountants and accounting services.
2. This Bill addresses accountability and liability.

In my past experience as President of Yak-Tat Kwaan, Inc, and serving as an officer of other Profit-making and Non-Profit-making Native Corporations we encountered all levels of accounting services. I can say from experience, that when accounting services are bad, it is really bad for small companies that count on every dollar to succeed.

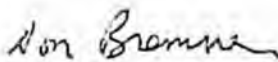
As Native Corporations we are exposed to every scheme and scam that folks can dream up, and they have cost us millions of dollars. I know of one Native corporation that was exposed to a Ponzi scheme that cost them over (7) million dollars.

These illegal investment schemes promised the Native Corporation investors impossibly high returns on their investments. These are scams in which money from later investors is used to pay earlier investors. The creators of the scheme get most of the profits while those who come later are left with nothing because there are eventually an insufficient number of new investors to pay the existing ones. These scams inevitably collapsed because they require exponential growth in the number of participants at each step, which is impossible. The Native Corporation was left holding an empty bag in the end, and out (7) million dollars.

During this time period there was not one negative flag raised by the Native Corporation accounting firm. In the end, the scheme was smoothly reported in the annual report as investment losses. Clearly there was no accountability and liability of the accountant's role.

This Bill sets the high standards of accountability that is needed by businesses in Alaska that manage very challenging businesses, even on a good day. In most cases we do not have the education to implement and monitor the fine detail of accounting, so, we operate on faith. Faith that the accountants who work on our behalf are who they say they are in terms of experience and qualifications. It speaks well of the accounting profession, that in this Bill they set high standards for themselves, and I encourage the Committee to support this Bill and move it forward for approval.

Sincerely,



Don Bremner

Cc/ House Labor & Commerce Committee Members



ALASKA SOCIETY OF CPAs  
341 W. TUDOR #105  
ANCHORAGE, AK 99503  
(907) 562-4334  
800-478-4334  
FAX (907) 562-4025

January 12, 2006

Representative Mike Hawker  
State Capitol  
Room 502  
Juneau, Alaska 99801-1182

Dear Representative Hawker,

Below is the Alaska Society of Certified Public Accountants board of Directors resolution that was unanimously approved on January 9, 2006 in support of House Bill No. 274.

**Resolved:** The Alaska Society of CPA's Board of Directors unanimously agrees to Support the following proposed statute changes: Amend AS 08.04.005-680 as encompassed in the Sponsor Substitute for House Bill No.274 as drafted December 2, 2005.

The board of Directors of the Alaska Society of Certified Public Accountants and all the members of the Alaska Society of Certified Public Accountants would like to thank you and your staff for your tireless efforts in moving House Bill No. 274 forward.

Sincerely,

Donovan W. Rulien, CPA, CVA  
Chairman of the Legislative Committee



# ALASKA STATE LEGISLATURE

Please enter into the record my testimony to the House Labor & Commerce  
Committee Name  
 Committee on SB 274 Dated 2/1/06  
Bill / Subject

I am a CPA in Fairbanks and a recently appointed member of the State Board of Public Accountancy. I have been practicing as a CPA for over 10 years and its amendments.

I am in support of this Bill. Amending and adding to the State Statutes for uniformity to the Uniform Accountancy Act, will benefit both the profession and the State Board of Accountancy. ~~The profession will benefit from state statute amendments to~~

Reciprocity is one example of how this will be advantageous. The UAA is a move towards allowing CPAs to practice in multiple jurisdictions without having to conform to multiple laws and requirements. This Act will also give flexibility to the State Board of Accountancy to amend regulations as the national organizations want the UAA.

SIGNED: Diane Williamson  
 Testifier  
ASCPA  
 Representing  
Kobler Scmill & Hutchinson PC 430 16674  
711 4th Ave Suite 303 Fairbanks AK 99701  
 Address / Phone Number



# ALASKA STATE LEGISLATURE

Please enter into the record my testimony to the HOUSE LABOR & COMMERCE  
 Committee on SSHB 274 Committee Name:  
Bill / Subject Dated 2/1/2006

I am a CPA who has practiced for over 20 years in Alaska. I am supporting this bill because (1) it updates the statutes to reflect the profession as it is now practiced nationally; (2) allows the Board to react to changes in the profession without introducing legislation (such as development of new forms of doing business like LLC's); (3) clarifies the rules for reciprocity for individuals licensed in other states to be allowed to practice as CPAs in the State of Alaska. I have no objection to the proposed amendment to the bill which retains the "safe harbor" language presently in the statute and treats the "safe harbor" language recommended under the Uniform Accounting Act as an alternative, not as a requirement.

SIGNED: Amy Casuel  
 Testifier

Alaska Society of Certified Public Accountants KONIG, SCHMITZ & WILSON, PC  
 Representing

P.O. Box 70607 Fairbanks AK 99707  
 Address / Phone Number



# ALASKA STATE LEGISLATURE

Please enter into the record my testimony to the HOUSE (A.R.P. & COMMERCE  
 Committee on SB 234 Committee Name Dated 2/1/06  
Bill / Subject

I am a CPA practicing in Fairbanks in a small local firm.

I support this bill because it allows the State Board more flexibility and allows them to make changes necessary to comply with national standards without requiring legislative action.

SIGNED:

[Signature]  
 Testifier

CPA  
 Representing

PO Box 20607, FAIRBANKS AK 99707 (907) 456 6676  
 Address / Phone Number



# Alaska State Legislature

Please enter into the record my testimony to the House L+C  
Committee name

Committee on HB 274, dated 1-25-06  
Bill/Subject

Honorable Members of the Committee:

I respectfully ask for your committee's support for this important bill. Many CPAs have volunteered hundreds of hours to bring the Alaska Statutes consistent with 43 other states. Passage of the bill allows for Alaska's conformity to the Uniform Accountancy Act.

Thank you,

D. Kennedy CPA  
AK # 763

Signed: Dan F. Kennedy CPA  
Testifier

Representing (Optional)  
4701 E. Shoreline Circle  
Address  
376-1272  
Phone number