

HB

274

SFIN

FILE

SENATE FINANCE COMMITTEE REPORT

REPORTED OUT
MAR 23 2006
 SENATE FINANCE COMMITTEE

DATE: 3/10/06

FURTHER:

DATE TURNED IN TO OFFICE: 23 March 2006

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

HB 274 PUBLIC ACCOUNTANTS

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

and recommends:

- be replaced with _____ CS _____ (_____)
- adopt previous _____ CS _____ (_____)
- attached amendment(s)
- adopt Letter of Intent by _____ Committee
- further referral to _____ Committee

CS Senate Bill:
 Same Title
 New Title

SCS House Bill:
 Same Title
 Technical Title Change
 New Title w/ SCR #_____

NEW FISCAL NOTE(S):

Department	Date	Fiscal	Ind.	Zero	FN#

PREVIOUS FISCAL NOTE(S):

Department	Date	Fiscal	Ind.	Zero	FN#
OLCED	1/30/06			✓	#1

APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS:	DO PASS	DO NOT PASS	NO REC	AMEND
<i>[Signature]</i>	✓			
<i>[Signature]</i>	✓			
<i>[Signature]</i>			✓	
COCHAIR: <i>Gary Walker</i>	✓			
COCHAIR: <i>John Green</i>	✓			

FISCAL NOTE

REPORTED OUT
MAR 23 2006
 SENATE FINANCE COMMITTEE

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						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
-----------------------------	--	--	--	--	--	--

CHANGE IN REVENUES ()						
-------------------------------	--	--	--	--	--	--

FUND SOURCE (Thousands of Dollars)

FUND SOURCE	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
1156 Receipt Supported Services						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

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

POSITIONS	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
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 Phone: (907) 465-2144
 Division: Corporations and Licensing Date/Time: 1/30/06 11:57 AM
 Approved by: William C. Noll, Commissioner Date: 1/30/2006
 Agency: Commerce, Community and Economic Development

Sponsor Substitute for House Bill 274

Version: CSSSHB 274(FIN)

Prepared by Representative Mike Hawker's Office

Updated February 13, 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.
- 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:** 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 requirements for renewal of a license.
- 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.
- Section 15:** Specifies requirements for renewal of a license granted through reciprocity.
- 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.
- 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.
- Section 20:** Conforms language in the section requiring all practice offices to be supervised by a licensed individual.
- 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.
- 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.
- 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:** Repeals and reenacts language regarding quality reviews to more accurately reflect current practice. Also adopts conforming language.
- Section 28:** Conforms language in the section regarding failure to obtain a permit.
- Section 29:** 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.
- Section 30:** Conforms language in the section regarding revocation or suspension of permits.
- Section 31:** Conforms language in the section regarding grounds for revocation or suspension of permits.
- Section 32:** Conforms language in the section regarding reinstatement.
- Section 33:** Conforms language in the section regarding fees.
- Section 34:** Conforms language in the section regarding individuals posing as certified public accountants.
- Section 35:** Conforms language in the section regarding issuance of reports.
- Section 36:** Conforms language in the section regarding companies posing as certified public accountants.
- Section 37:** Conforms language in the section regarding individuals posing as public accountants.
- Section 38:** Conforms language in the section regarding companies posing as public accountants.
- 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.
- Section 41:** Conforms language in the section regarding partnerships posing as accountants or auditors.
- 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 18.
- Section 45:** Conforms language in the section regarding disclosure of lack of a permit.
- 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.
- Section 48:** Removes an obsolete provision in statute regarding board action to reflect the current practice of investigating violations.
- Section 49:** Removes an obsolete term in the section regarding ownership of working papers.
- Section 50:** Conforms language in the section regarding previous licensure.
- Section 51:** Conforming language in the section regarding prohibited disclosures.
- 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 "certificate" by adding a statutory reference; amends the definition of "report" by adding disclaimer language endorsed in the Uniform Accounting Act to existing "safe harbor" language.
- Section 53:** Repeals sections of law that are obsolete. The sections are embodied in various sections of the bill.
- Section 54:** Allows the board to adopt regulations to implement the bill.
- Section 55:** Provides transitional provisions for current permittees.
- Section 56:** Provides transitional provisions for current board members.
- Section 57:** Immediate effective date for section 54.
- Section 58:** Provides a January 1, 2008 effective date for the remaining sections.



ALASKA SOCIETY OF CPAs
341 W TUDOR #105
ANCHORAGE, AK 99503
(907) 562-4334
HQ - 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



Frank H. Murkowski, Governor

Division of Corporations, Business and Professional Licensing
PO Box 110806
Juneau, AK 99811-0806
Telephone: (907) 465-2534
Fax: (907) 465-2974
Website: www.commerce.state.ak.us/occl

January 26, 2006

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

Dear Representative Hawker,

Following is the Alaska Board of Public Accountancy's resolution that was unanimously approved on January 26, 2006 in support of House Bill 274.

Be it resolved: The Alaska Board of Public Accountancy unanimously supports the Sponsor Substitute for House Bill 274 in the legislature of the State of Alaska.

The Alaska Board would like to thank you and your staff for all your time and effort in moving House Bill 274 forward.

Sincerely,

A handwritten signature in dark ink, appearing to read "Max Mertz".

Max Mertz, CPA
Chairperson
Alaska Board of Public Accountancy

SENATE COMMITTEE REPORT

DATE: 2/23/06

FURTHER: Finance

DATE TURNED
IN TO OFFICE: 3/10/06

Labor & Commerce Committee considered CS FOR SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 274(FIN)

HB 274 PUBLIC ACCOUNTANTS

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

and recommends:

- be replaced with _____ CS _____ (_____)
- adopt previous _____ CS _____ (_____)
- attached amendment(s)
- adopt Letter of Intent by _____ Committee
- further referral to _____ Committee

CS Senate Bill:
 Same Title
 New Title

SCS House Bill:
 Same Title
 Technical Title Change
 New Title w/ SCR # _____

NEW FISCAL NOTE(S):

Department	Date	Fiscal	Indet.	Zero	FN#

PREVIOUS FISCAL NOTE(S):

Department	Date	Fiscal	Indet.	Zero	FN#
DCEd	1/30/06			✓	1

APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS:

Davis
Ellis
Seckins
3. Steens

Bunde

SIGNATURES AND RECOMMENDATIONS:	DO PASS	DO NOT PASS	NO REC	AMEND
Betty Davis	X			
De Steens	X			
Halley Velkams	✓			
Ben Steens	/			
CHAIR: Bunde	✓			