

Stricken language would be deleted from and underlined language would be added to law as it existed prior to the 82nd General Assembly.

1 State of Arkansas
2 82nd General Assembly
3 Regular Session, 1999
4

As Engrossed: H1/27/99 H1/29/99

A Bill

Act 180 of 1999
HOUSE BILL 1173

5 By: Representative Courtway
6 By: Senator Mahony
7

For An Act To Be Entitled

8
9
10 "AN ACT TO AMEND VARIOUS SECTIONS OF THE ARKANSAS
11 PUBLIC ACCOUNTANCY ACT; AND FOR OTHER PURPOSES."

Subtitle

12
13
14 "TO AMEND VARIOUS SECTIONS OF THE
15 ARKANSAS PUBLIC ACCOUNTANCY ACT."
16

17
18 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
19

20 SECTION 1. Arkansas Code 17-12-103 is amended to read as follows:

21 "17-12-103. Definitions.

22 (a) As used in this chapter, words used in the masculine will apply to
23 the feminine where applicable, and wherever the context dictates, the plural
24 will be read as the singular and the singular as the plural. In addition,
25 unless the context otherwise requires:

26 (1) 'AICPA' means the American Institute of Certified Public
27 Accountants, or its successor;

28 (2) 'Attest' means providing the following financial statement
29 services:

30 (A) Any audit or other engagement to be performed in accordance
31 with the Statements on Auditing Standards (SAS);

32 (B) Any review of a financial statement to be performed in
33 accordance with the Statements on Standards for Accounting and Review Services
34 (SSARS); and

35 (C) Any examination of prospective financial information to be
36 performed in accordance with the Statements on Standards for Attestation

1 Engagements (SSAE);

2 ~~(1)~~(3) 'Beneficial Owner' means an individual who is the grantor and
3 sole trustee of a revocable trust wherein the individual reserves the
4 unrestricted right to revoke the trust;

5 ~~(2)~~(4) 'Board' means the 'Board of Public Accountancy' created by § 17-
6 12-201; ~~and~~

7 (5) 'Certificate' means a certificate as 'certified public accountant'
8 issued under §17-12-301 or a corresponding certificate as certified public
9 accountant issued after examination under the laws of any other state;

10 (6) 'Firm' means a partnership, corporation, limited liability company
11 or other entity required to be registered with the board under the provisions
12 of subchapter 4 of this chapter;

13 (7) 'License' means a certificate issued under §17-12-301 or a
14 registration under §17-12-312 or subchapter 4 of this chapter; or, in each
15 case, a certificate or permit issued or a registration under corresponding
16 provisions of prior law;

17 (8) 'Licensee' means the holder of a license as defined in §17-12-
18 103(a)(7);

19 (9) 'Member' means either:

20 (A) The person in whose name membership interests are registered
21 in the records of a limited liability company; or

22 (B) The beneficial owner of membership interests of a revocable
23 living trust where the membership interests are registered in the records of
24 the limited liability company in the name of the revocable living trust;

25 (10) 'NASBA' means the National Association of State Boards of
26 Accountancy, or its successor;

27 (11) 'Practice of public accounting' means the performance of attest
28 services as defined in §17-12-103(a)(2), or the performance of professional
29 services while using the title or designation certified public accountant,
30 public accountant, CPA, PA, accountant or auditor;

31 ~~(3)~~(12) 'Professional ~~service~~ services' means ~~any type of professional~~
32 ~~service which may be legally performed only pursuant to license or other legal~~
33 ~~authorization, for example: the personal service rendered by certified public~~
34 ~~accountants, architects, engineers, dentists, doctors, and attorneys at law~~
35 services arising out of or related to the specialized knowledge or skills
36 performed by certified public accountants or public accountants;

1 ~~(4)~~(13) 'Shareholder' means either:

2 ~~(1)~~(A) ~~the~~ The person in whose name shares are registered in the
3 records of a corporation; or

4 ~~(2)~~(B) ~~the~~ The beneficial owner of shares of a revocable living
5 trust where the shares are registered in the records of the corporation in the
6 name of the revocable living trust; and

7 ~~(5)~~(14) 'State' means any state, territory, or insular possession of the
8 United States or the District of Columbia.

9 (b) The statements on standards specified in subsection (a)(2) shall be
10 adopted by reference by the board pursuant to rulemaking and shall be those
11 developed for general application by recognized national accountancy
12 organizations such as the AICPA."
13

14 SECTION 2. Arkansas Code 17-12-106 is amended to read as follows:

15 "17-12-106. Unlawful acts.

16 (a) No person shall assume or use the title or designation 'certified
17 public accountant' or the abbreviation 'CPA' or any other title, designation,
18 words, letters, abbreviation, sign, card, or device tending to indicate that
19 he is a certified public accountant, unless he has received a certificate as a
20 certified public accountant under ~~§17-12-301, §§ 17-12-308 and 17-12-310 holds~~
21 ~~a permit issued under subchapter 5 of this chapter which is not revoked or~~
22 ~~suspended, hereinafter referred to as a "live permit",~~ subchapter 3 and all of
23 his offices in this state for the practice of public accounting are maintained
24 and registered as required under §17-12-403. However, a foreign accountant who
25 has ~~registered~~ received a certificate under the provisions of §17-12-308(c)
26 §17-12-404, and who holds a live permit issued under subchapter 5 of this
27 ~~chapter,~~ may use the title under which he is generally known in his country,
28 followed by the name of the country from which he received his certificate,
29 license, or degree.

30 (b) No ~~partnership, corporation, or limited liability company~~ firm
31 shall assume or use the title or designation 'certified public accountant' or
32 the abbreviation 'CPA' or any other title, designation, words, letters,
33 abbreviation, sign, card, or device tending to indicate that the ~~partnership,~~
34 ~~corporation or limited liability company~~ firm is composed of certified public
35 accountants ~~unless the partnership or corporation is registered as a~~
36 ~~accountants~~ unless the ~~partnership, corporation or limited liability company~~

1 ~~firm~~ is registered as a ~~partnership, corporation or limited liability company~~
2 ~~of certified public accountants~~ under §17-12-401, and all offices of the
3 ~~partnership, corporation or limited liability company~~ firm in this state for
4 the practice of public accounting are maintained and registered as required
5 under §17-12-403.

6 (c) No person shall assume or use the title or designation 'public
7 accountant' or any other title, designation, words, letters, abbreviation,
8 sign, card, or device tending to indicate that he is a public accountant,
9 unless he is ~~registered~~ licensed as a public accountant, ~~holds a live permit~~
10 ~~issued under subchapter 5 of this chapter,~~ and all of the person's offices in
11 this state for the practice of public accounting are maintained and registered
12 as required under §17-12-403, or unless the person has received a certificate
13 as a certified public accountant under ~~§§17-12-301 - 17-12-308 and 17-12-310,~~
14 ~~holds a live permit issued under subchapter 5 of this chapter,~~ subchapter 3,
15 and all of the person's offices in this state for the practice of public
16 accounting are maintained and registered as required under §17-12-403.

17 (d) No ~~partnership, corporation or limited liability company~~ firm shall
18 assume or use the title or designation 'public accountant' or any other title,
19 designation, words, letters, abbreviation, sign, card, or device tending to
20 indicate that the ~~partnership, corporation or limited liability company~~ firm
21 is composed of public accountants unless the ~~partnership, corporation or~~
22 ~~limited liability company~~ firm is registered as a ~~partnership, corporation or~~
23 ~~limited liability company of public accountants~~ under §17-12-402 or as a
24 ~~partnership, corporation or limited liability company of certified public~~
25 ~~accountants under §17-12-401 and holds a live permit issued under subchapter 5~~
26 ~~of this chapter~~ and all offices of the ~~partnership, corporation or limited~~
27 ~~liability company~~ firm in this state for the practice of public accounting are
28 maintained and registered as required under §17-12-403.

29 (e) No person, ~~partnership, corporation or limited liability company~~ or
30 firm shall assume or use the title or designation 'certified accountant',
31 'chartered accountant', 'enrolled accountant', 'licensed accountant',
32 'registered accountant', 'accredited accountant', 'accounting practitioner',
33 or any other title or designation likely to be confused with 'certified public
34 accountant' or 'public accountant', or any of the abbreviations, 'CA', '~~PA~~',
35 '~~EA~~', 'LA', 'RA', 'AA', 'AP', or similar abbreviations likely to be confused
36 with 'CPA' or 'PA'. However, anyone ~~who holds a live permit issued under~~

1 ~~subchapter 5 of this chapter and all of~~ whose offices in this state for the
2 practice of public accounting are maintained and registered as required under
3 §17-12-403 may hold himself out to the public as an 'accountant' or 'auditor.'
4 A foreign accountant ~~registered who receives a certificate under §17-12-308(c)~~
5 ~~§17-12-404 who holds a live permit issued under subchapter 5 of this chapter~~
6 and all of whose offices in this state for the practice of public accounting
7 are maintained and registered as required under §17-12-403 may use the title
8 under which he is generally known in his country, followed by the name of the
9 country from which he received his certificate, license, or degree.

10 (f) No person who is not a licensee may offer to render or render any
11 attest service, as defined herein. This restriction does not prohibit any act
12 of a public official or public employee in the performance of that person's
13 duties as such; or prohibit the performance by any person of other services
14 involving the use of accounting skills, including the preparation of tax
15 returns, management advisory services, and the preparation of financial
16 statements without the issuance of reports in violation of this chapter.

17 ~~(f)(1)(g)~~ Unless he is a licensee ~~holds a live permit issued under~~
18 ~~subchapter 5 of this chapter~~ and all of his offices in this state for the
19 practice of public accounting are maintained and registered under §17-12-403,
20 no person shall sign or affix his name or any trade or assumed name used by
21 him in his profession or business with any wording indicating that he is an
22 accountant or auditor, or with any wording indicating that he has expert
23 knowledge in accounting or auditing, to any opinion or certificate attesting
24 in any way to the reliability of any representation or estimate in regard to
25 any person or organization embracing:

26 ~~(A)(1)~~ Financial information; or

27 ~~(B)(2)~~ Facts respecting compliance with conditions established by
28 law or contract, including, but not limited to, statutes, ordinances,
29 regulations, grants, loans, and appropriations.

30 ~~(2) However, the provisions of this subsection shall not prohibit~~
31 ~~any officer, employee, partner, or principal of any organization from affixing~~
32 ~~his signature to any statement or report in reference to the affairs of the~~
33 ~~organization with any wording designating the position, title, or office which~~
34 ~~he holds in the organization, nor shall the provisions of this subsection~~
35 ~~prohibit any act of a public official or public employee in the performance of~~
36 ~~his duties as such.~~

1 ~~(g)(h)~~ Unless the ~~partnership, corporation or limited liability company~~
 2 ~~holds a live permit issued under subchapter 5 of this chapter~~ firm is
 3 registered as required by subchapter 4 of this chapter and all of its offices
 4 in this state for the practice of public accounting are maintained and
 5 registered as required under §17-12-403, no person shall sign or affix a
 6 ~~partnership, corporate or limited liability company~~ firm name with any wording
 7 indicating that it is a partnership, corporation or limited liability company
 8 composed of accountants or auditors or persons having expert knowledge in
 9 accounting or auditing to any opinion or certificate attesting in any way to
 10 the reliability of any representation or estimate in regard to any person or
 11 organization embracing:

12 (1) Financial information; or

13 (2) Facts respecting compliance with conditions established by
 14 law or contract, including, but not limited to, statutes, ordinances,
 15 regulations, grants, loans, and appropriations.

16 ~~(h)(i)~~ No person not licensed pursuant to subchapter 3 of this chapter,
 17 and no ~~partnership, corporation or limited liability company~~ firm ~~not holding~~
 18 ~~a live permit issued under subchapter 5 of this chapter~~ licensed pursuant to
 19 subchapter 4 of this chapter, shall hold himself or itself out to the public
 20 as an 'accountant' or 'auditor' by use of either or both of such words on any
 21 sign, card, electronic transmission or letterhead, or in any advertisement or
 22 directory, without indicating thereon or therein that the person, ~~partnership,~~
 23 ~~corporation or limited liability company~~ or firm does not hold such a ~~permit~~
 24 license. This subsection shall not prohibit any officer, employee, partner, or
 25 principal of any organization from describing himself by the position, title,
 26 or office he holds in such organization, nor shall this subsection prohibit
 27 any act of a public official or public employee in the performance of his
 28 duties as such.

29 ~~(i)(j)~~ No person shall assume or use the title or designation
 30 'certified public accountant' or 'public accountant' in conjunction with names
 31 indicating or implying that there is a partnership, ~~or~~ corporation, or limited
 32 liability company ~~or in conjunction with or implying that there is a~~
 33 ~~partnership, corporation or limited liability company, or in conjunction with~~
 34 ~~such case, if there is, in fact, no bona fide partnership, corporation or~~
 35 ~~limited liability company~~ registered under §17-12-401 or §17-12-402. A sole
 36 proprietor, corporation or partnership lawfully using the title or designation

1 in conjunction with such names or designation on July 9, 1975, may continue to
2 do so if he or it otherwise complies with the provisions of this chapter.

3 ~~(j)(k)(1)~~ A ~~permit holder licensee in public practice~~ shall not for a
4 commission recommend or refer to a client any product or service, or for a
5 commission recommend or refer any product or service to be supplied by a
6 client, or receive a commission, when the ~~permit holder licensee~~ or the ~~permit~~
7 ~~holder's licensee's~~ firm also performs for that client:

8 ~~(A)(1)~~ An audit or review of a financial statement; or

9 ~~(B)(2)~~ A compilation of a financial statement when the ~~permit~~
10 ~~holder licensee~~ expects, or reasonably might expect, that a third party will
11 use the financial statement and the ~~permit holder's licensee's~~ compilation
12 report does not disclose a lack of independence; or

13 ~~(C)(3)~~ An examination of prospective financial information.

14 This prohibition applies during the period in which the ~~permit holder licensee~~
15 is engaged to perform any of the services listed above and the period covered
16 by any historical financial statements involved in such listed services.

17 ~~(k)(2)~~ A ~~permit holder licensee in public practice~~ who is not prohibited
18 by this ~~rule section~~ from performing services for or receiving a commission
19 and who is paid or expects to be paid a commission shall disclose that fact to
20 any person or entity to whom the ~~permit holder licensee~~ recommends or refers a
21 product for service to which the commission relates.

22 ~~(l)(3)~~ Any ~~permit holder licensee~~ who accepts a referral fee for
23 recommending or referring any service of a ~~certified public accountant or~~
24 ~~public accountant licensee~~ to any person or entity or who pays a referral fee
25 to obtain a client shall disclose such acceptance or payment to the client.

26 (l)(1) A licensee shall not:

27 (A) Perform for a contingent fee any professional services for,
28 or receive such a fee from a client for whom the licensee or the
29 licensee's firm performs,

30 (i) An audit or review of a financial statement; or

31 (ii) A compilation of a financial statement when the
32 licensee expects, or reasonably might expect, that a third party will use the
33 financial statement and the licensee's compilation report does not disclose a
34 lack of independence; or

35 (iii) An examination of prospective financial information;

36 or

1 (B) Prepare an original or amended tax return or claim for a tax
2 refund for a contingent fee for any client.

3 (2) The prohibition in (1)(1) above applies during the period in which
4 the licensee is engaged to perform any of the services listed above and the
5 period covered by any historical financial statements involved in any such
6 listed services.

7 (3) Except as stated in the next sentence, a contingent fee is a fee
8 established for the performance of any service pursuant to an arrangement in
9 which no fee will be charged unless a specified finding or result is attained,
10 or in which the amount of the fee is otherwise dependent upon the finding or
11 result of such service. Solely for purposes of this section, fees are not
12 regarded as being contingent if fixed by courts or other public authorities,
13 or, in tax matters, if determined based on the results of judicial proceedings
14 or the findings of governmental agencies. A licensee's fees may vary
15 depending, for example, on the complexity of services rendered."

16
17 SECTION 3. Arkansas Code 17-12-107 is amended to read as follows:

18 "17-12-107. Permissible acts.

19 (a) Nothing contained in this chapter shall prohibit any person not a
20 certified public accountant or public accountant from serving as an employee
21 of, or an assistant to, a certified public accountant or public accountant
22 licensed under subchapter 3 of this chapter, or partnership or corporation
23 composed of certified public accountants or public accountants holding a
24 permit to practice issued under subchapter 5 of this chapter firm registered
25 under subchapter 4 of this chapter, or a foreign accountant registered who
26 received a certificate under §17-12-308(c) §17-12-404, provided that the
27 employee or assistant shall not issue any accounting or financial statement
28 over his name.

29 ~~(b) Nothing contained in this chapter shall prohibit a certified public~~
30 ~~accountant or a registered public accountant of another state, or any~~
31 ~~accountant who holds a certificate, degree, or license in a foreign country,~~
32 ~~constituting a recognized qualification for the practice of public accounting~~
33 ~~in that country, from temporarily and periodically practicing in this state if~~
34 ~~he is conducting a regular practice in the other state or foreign country if~~
35 ~~his temporary practice is conducted in conformity with the regulations and~~
36 ~~rules of professional conduct promulgated by the board.~~

1 **(b) Nothing contained in this chapter shall prohibit any person**
 2 **who is not a licensee from issuing any compilation report prescribed by the**
 3 **Statements on Standards for Accounting and Review Services (SSARS) on any**
 4 **services to which those standards apply, indicating that the services were**
 5 **performed in accordance with standards established by the AICPA, provided that**
 6 **the report discloses that the person does not hold a license. The board may**
 7 **by rule prescribe safe harbor language on the content of such disclosure.**"

8
 9 SECTION 4. Arkansas Code 17-12-109(b) is amended to read as follows:

10 “(b) No statement, record, schedule, working paper, or memorandum shall
 11 be sold, transferred, or bequeathed without the consent of the client or his
 12 personal representative or assignee to anyone other than one (1) or more
 13 surviving partners or new partners of the accountant or to his corporation or
 14 limited liability company.”

15
 16 SECTION 5. Arkansas Code 17-12-110 is hereby repealed:

17 ~~17-12-110. Corporations.~~

18 ~~(a) One (1) or more individual persons may organize a corporation for~~
 19 ~~the practice of public accounting under §§4-29-201--4-29-213 as amended from~~
 20 ~~time to time.~~

21 ~~(b) The corporation shall not be required to have more directors than~~
 22 ~~shareholders, but at least one (1) director shall be a shareholder. The other~~
 23 ~~directors need not, but may, be shareholders.~~

24 ~~(c) Notwithstanding the provisions of §4-29-207, the corporate name may~~
 25 ~~include any words permitted by §§ 4-29-201-4-29-213 as well as other words~~
 26 ~~approved by the board.~~

27
 28 SECTION 6. Arkansas Code 17-12-111 is amended to read as follows:

29 “17-12-111. Evidence.

30 The display or uttering by a person of a card, sign, advertisement, or
 31 other printed, engraved, electronic transmission or written instrument or
 32 device bearing a person’s name in conjunction with the words ‘certified public
 33 accountant’ or any abbreviation thereof, or ‘public accountant’ or any
 34 abbreviation thereof, shall be prima facie evidence in any action brought
 35 under §17-12-104 or §17-12-105 that the person whose name is so displayed
 36 caused or procured the display or uttering of such card, sign, advertisement,

1 or other printed, engraved, electronic transmission or written instrument or
 2 device and that the person is holding himself out to be a certified public
 3 accountant or a public accountant ~~holding a permit to practice under~~
 4 ~~subchapter 5 of this chapter~~. In any such action, evidence of the commission
 5 of a single act prohibited by this chapter shall be sufficient to justify an
 6 injunction or a conviction without evidence of a general course of conduct.”

7
 8 SECTION 7. Arkansas Code 17-12-112 is hereby repealed.

9 ~~17-12-112. Limited liability company.~~

10 ~~One (1) or more individual persons may organize a limited liability~~
 11 ~~company for the practice of public accounting under §§4-32-101 - 4-32-1313 as~~
 12 ~~amended from time to time.~~

13
 14 SECTION 8. Arkansas Code 17-12-201(b)(1) is amended to read as follows:

15 “(1) Four (4) members of the board shall be residents of this state who
 16 are certified public accountants. One (1) member shall be a resident public
 17 accountant ~~registered~~ licensed under this chapter during the years there are
 18 at least twenty percent (20%) of the original registrants under this chapter
 19 reregistered or relicensed; thereafter, the vacancy shall be filled by a
 20 resident who is a certified public accountant.”

21
 22 SECTION 9. Arkansas Code 17-12-201(c)(3) is amended to read as follows:

23 “(3) The Governor shall remove from the board any professional member
 24 whose ~~permit to practice~~ license has become void or has been revoked or
 25 suspended and, after hearing, may remove any member of the board for neglect
 26 of duty or other just cause.”

27
 28 SECTION 10. Arkansas Code 17-12-203 is amended to read as follows:

29 “17-12-203. Duties and powers.

30 (a) The board may adopt, and amend from time to time, regulations for
 31 the orderly conduct of its affairs and for the administration of this chapter.

32 (b) The board shall have printed and published for public distribution,
 33 a biennial register which shall contain the names, arranged alphabetically by
 34 classifications, of all practitioners ~~holding permits to practice~~ licensed
 35 under this chapter, the names of the members of the board, and any other
 36 matters as may be deemed proper by the board. Copies of the registers shall

1 be mailed to each ~~permit holder~~ licensee. The board may employ personnel and
2 arrange for assistance as it may require for the performance of its duties.

3 (c) The board may promulgate and amend rules of professional conduct
4 appropriate to establish and maintain a high standard of integrity and dignity
5 in the profession of public accountancy. At least three (3) months prior to
6 the promulgation of any such rule or amendment, the board shall mail copies of
7 the proposed rule or amendment to each ~~holder of a permit issued under~~
8 ~~subchapter 5 of this chapter~~ licensee with a notice advising him of the
9 proposed effective date of the rule or amendment and requesting that he submit
10 his comments thereon at least fifteen (15) days prior to its effective date.
11 Such comments shall be advisory only. Failure to mail the rule, amendment, or
12 notice to all ~~permit holders~~ licensees shall not affect the validity of the
13 rule or amendment.

14 (d) The board may issue any further regulations, including, but not
15 limited to, rules of professional conduct pertaining to ~~corporations~~ licensees
16 practicing public accounting which it deems consistent with or required by the
17 public welfare. Among other things, the board may prescribe regulations for
18 ~~corporations~~ licensees:

- 19 (1) Governing their style, name, and title;
20 (2) Governing their affiliation with any other organization;
21 (3) Establishing reasonable standards with respect to
22 professional liability insurance, and unimpaired capital requirements, ~~and~~
23 ~~prescribing joint and several liability for torts relating to professional~~
24 ~~services for shareholders of any corporation failing to comply with such~~
25 ~~standards."~~

26
27 SECTION 11. The title of Subchapter 3 of Chapter 12 of Title 17 of the
28 Arkansas Code is be amended to read as follows:

29 "SUBCHAPTER 3 ~~CERTIFICATION~~ INITIAL LICENSURE"

30
31 SECTION 12. Arkansas Code 17-12-301 is amended to read as follows:

32 "17-12-301. Requirements generally.

33 (a) A certificate as a certified public accountant shall be granted by
34 the board to any person of good moral character:

- 35 (1) Who has met the education and experience requirements set
36 forth in this chapter and by the board; and

1 (2) Who has passed an examination in accounting and auditing and
2 such related subjects as the board shall determine to be appropriate.

3 ~~(b) A candidate for the certificate of certified public accountant who~~
4 ~~has successfully completed the examination under subdivision (a)(2) of this~~
5 ~~section shall have no status as a certified public accountant, unless and~~
6 ~~until he has the requisite education and has received his certificate as a~~
7 ~~certified public accountant.~~

8 (b) Good moral character for purposes of this section means lack of a
9 history of dishonest or felonious acts. The board may refuse to grant a
10 certificate on the ground of failure to satisfy this requirement only if there
11 is a substantial connection between the lack of good moral character of the
12 applicant and the professional responsibilities of a licensee and if the
13 finding by the board of lack of good moral character is supported by clear and
14 convincing evidence. When an applicant is found to be unqualified for a
15 certificate because of a lack of good moral character, the board shall furnish
16 the applicant a statement containing the findings of the board, a complete
17 record of the evidence upon which the determination was based, and a notice of
18 the applicant's right of appeal.

19 (c) Any person who has received from the board a certificate as a
20 certified public accountant ~~and who holds a permit issued under subchapter 5~~
21 ~~of this chapter, which is in full force and effect, shall be styled and known~~
22 as a 'certified public accountant' and may also use the abbreviation 'CPA'.
23 The board shall maintain a list of certified public accountants. Any
24 certified public accountant may also be known as a public accountant."
25

26 SECTION 13. Arkansas Code 17-12-302(a) is amended to read as follows:

27 "(a) In general, the applicable education requirements shall be those
28 in effect on the date on which the ~~candidate~~ applicant successfully applies
29 for his examination under §17-12-301(a)(2). However, the board may provide by
30 regulation for exceptions to the general rule in order to prevent what it
31 determines to be undue hardship to ~~candidates~~ applicants resulting from
32 changes in the education and experience requirements."
33

34 SECTION 14. Arkansas Code 17-12-303 is amended to read as follows:

35 "17-12-303. Examination - Eligibility.

36 (a) ~~A candidate~~ An applicant who has met the education requirement, or

1 who expects to meet it during the school term, either quarter or semester, at
2 the institution in which the ~~candidate~~ applicant is enrolled and which
3 includes the sitting date of the examination, or with respect to whom it does
4 not apply or has been waived, shall be eligible to take the examination
5 required by §17-12-301(a)(2) if the ~~candidate~~ applicant is of good moral
6 character.

7 (b) In the case of any ~~candidate~~ applicant admitted to the examination
8 on the expectation that he will complete his education requirement within the
9 ~~candidate's~~ applicant's school term, either quarter or semester, including the
10 sitting date of the examination, no certificate shall be issued, nor shall
11 credit for the examination or any part of it be given, unless the requirement
12 is in fact completed within that time or within such time as the board in its
13 discretion may determine upon application."
14

15 SECTION 15. Arkansas Code 17-12-305 is amended to read as follows:

16 "17-12-305. Reexaminations.

17 (a) The board may by regulation prescribe the terms and conditions
18 under which a ~~candidate~~ an applicant who passes the examination in one (1) or
19 more of the subjects indicated in §17-12-301(a)(2) may be reexamined in only
20 the remaining subjects, with credit for the subjects previously passed.

21 (b) It may also provide by regulation for a reasonable waiting period
22 for a ~~candidate's~~ an applicant's reexamination in a subject he has failed.

23 (c) Subject to the foregoing and such regulations as the board may
24 adopt governing reexaminations, a ~~candidate~~ an applicant shall be entitled to
25 any number of reexaminations under §17-12-301(a)(2)."
26

27 SECTION 16. Arkansas Code 17-12-306 is amended to read as follows:

28 "17-12-306. Examination fees.

29 (a) The board shall charge a fee to each ~~candidate~~ applicant applying
30 to sit for the examination. In the board's discretion, the fee for a first
31 time ~~candidate~~ applicant may be greater than the fee charged for
32 reexamination.

33 (b) The board shall also charge a fee to each ~~candidate~~ applicant for
34 the administration of the examination. The board may in its discretion
35 contract with a third party to assist in the administration of the
36 examination. In such event, the fee charged by such third party may be

1 charged to and paid by the ~~candidate~~ applicant.

2 (c) The fees to be paid by each ~~candidate~~ applicant pursuant to this
3 section shall be determined by the board, taking into account the approximate
4 cost of processing the applications and administering the examination. In
5 setting the fees, the board may also take into account additional costs to
6 comply with the Americans With Disabilities Act and may establish a reserve
7 for such purposes.

8 (d) The applicable fees payable pursuant to this section shall be paid
9 by the ~~candidate~~ applicant at the time he applies for examination or
10 reexamination."

11
12 SECTION 17. Arkansas Code 17-12-307 is amended to read as follows:

13 "17-12-307. Out-of-state examination - Credit.

14 The board may by regulation provide for granting a credit to a ~~candidate~~
15 an applicant for his satisfactory completion of an examination in any one or
16 more of the subjects specified in §17-12-301(a)(2) given by the licensing
17 authority in any other state. The regulations shall include such requirements
18 as the board shall determine to be appropriate in order that any examination
19 approved as a basis for any credit shall be, in the judgment of the board, at
20 least as thorough as the most recent examination given by the board at the
21 time of the granting of the credit."

22
23 SECTION 18. Arkansas Code 17-12-308 is amended to read as follows:

24 "17-12-308. Reciprocity.

25 (a) With regard to applicants that do not qualify for reciprocity under
26 the substantial equivalency standard set out in §17-12-311, ~~The the~~ board
27 shall issue a certificate as a certified public accountant ~~or an annual permit~~
28 ~~to practice, as provided for under subchapter 5 of this chapter,~~ to a holder
29 of a certificate, license or permit issued by another state upon a showing
30 that:

31 (1) ~~(A)~~ The applicant passed the examination required for
32 issuance of the applicant's certificate with grades that would have been
33 passing grades at the time in this state;

34 (2) ~~(B)~~ The applicant:

35 (A) ~~(1)~~ Meets all current requirements in this state for
36 issuance of a certificate ~~or permit to practice~~ at the time application is

1 made; or

2 (B) (2) At the time of the issuance of the applicant's
3 certificate, license or permit in the other state, met all such requirements
4 then applicable in this state; or

5 (C) (3) Had ~~five (5)~~ four (4) years of experience outside
6 of this state in the practice of public accounting or meets equivalent
7 requirements prescribed by the board by rule, after passing the examination
8 upon which the applicant's certificate was based and within the ten (10) years
9 immediately preceding the application;

10 ~~(3) (C) With respect to an application for a permit to practice,~~
11 ~~the~~ The applicant has had experience in the practice of public accounting
12 meeting the requirements of ~~§17-12-503~~ §17-12-309; and

13 ~~(4) (D) With respect to an application for a permit to practice,~~
14 ~~the~~ The applicant has fulfilled the continuing education requirements
15 applicable under §17-12-502.

16 (b) As an alternative to the requirements of §17-12-308(a), a
17 certificate holder licensed by another state who establishes his principal
18 place of business in this state shall request the issuance of a certificate
19 from the board prior to establishing such principal place of business. The
20 board shall issue a certificate to such person who obtains from the NASBA
21 National Qualification Appraisal Service verification that such individual's
22 CPA qualifications are substantially equivalent to the CPA licensure
23 requirements of the AICPA/NASBA Uniform Accountancy Act.

24 (c) The board shall issue a certificate to a holder of a substantially
25 equivalent foreign designation, provided that:

26 (1) The foreign authority which granted the designation makes
27 similar provision to allow a person who holds a valid certificate issued by
28 this State to obtain such foreign authority's comparable designation; and

29 (2) The foreign designation:

30 (A) Was duly issued by a foreign authority that regulates
31 the practice of public accountancy and the foreign designation has not expired
32 or been revoked or suspended;

33 (B) Entitles the holder to issue reports upon financial
34 statements; and

35 (C) Was issued upon the basis of education, examination,
36 and experience requirements established by the foreign authority or by law;

1 and

2 (3) The applicant:

3 (A) Received the designation, based on education and
4 examination standards substantially equivalent to those in effect in this
5 state, at the time the foreign designation was granted;

6 (B) Completed an experience requirement, substantially
7 equivalent to the requirement set out in §17-12-309 in the jurisdiction which
8 granted the foreign designation or has completed four years of professional
9 experience in this state; or meets equivalent requirements prescribed by the
10 board by rule, within the ten years immediately preceding the application; and

11 (C) Passed a uniform qualifying examination in national
12 standards acceptable to the board.

13 (d) An applicant under subsection (c) shall in the application list all
14 jurisdictions, foreign and domestic, in which the applicant has applied for or
15 holds a designation to practice public accountancy, and each holder of a
16 certificate issued under this subsection shall notify the board in writing,
17 within thirty days after its occurrence, of any issuance, denial, revocation
18 or suspension of a designation or commencement of a disciplinary or
19 enforcement action by any jurisdiction."

20

21 SECTION 19. Arkansas Code 17-12-309 is amended to read as follows:

22 "17-12-309. Temporary permit. Experience.

23 ~~(a) Any person or firm licensed to practice public accounting in~~
24 ~~another jurisdiction who temporarily performs public accounting services for~~
25 ~~clients located in this state shall be required to obtain a temporary permit~~
26 ~~to practice.~~

27 ~~(b) A fee for this permit may be charged in an amount established by~~
28 ~~board rule.~~

29 An applicant for initial issuance of a certificate under this subchapter
30 shall show that the applicant has had one year of experience. This
31 experience shall include providing any type of service or advice involving the
32 use of accounting, attest, management advisory, financial advisory, tax or
33 consulting skills all of which was verified by a licensee, meeting
34 requirements prescribed by the board by rule. This experience will be
35 acceptable if it was gained through employment in government, industry,
36 academia or public practice."

1
2 SECTION 20. Arkansas Code Title 17, Chapter 12, Subchapter 3 is amended
3 to add the following:

4 "17-12-311. Substantial Equivalency.

5 (a)(1) An individual whose principal place of business is not in this
6 state having a valid certificate or license as a Certified Public Accountant
7 from any state which the NASBA National Qualification Appraisal Service has
8 verified to be in substantial equivalence with the CPA licensure requirements
9 of the AICPA/NASBA Uniform Accountancy Act shall be presumed to have
10 qualifications substantially equivalent to this state's requirements and shall
11 have all the privileges of certificate holders and licensees of this state
12 without the need to obtain a certificate under §17-12-301 or §17-12-308.
13 However, such individual shall notify the board of his intent to practice in
14 this state under this provision. The board may charge a fee for such
15 notification in an amount to be determined by board rule. Any such individual
16 having a valid certificate or license as a Certified Public Accountant from a
17 state other than Arkansas at the time such state receives its notice of
18 substantial equivalency from NASBA shall be eligible to exercise the
19 privileges granted under this paragraph.

20 (2) An individual whose principal place of business is not in
21 this state having a valid certificate or license as a Certified Public
22 Accountant from any state which the NASBA National Qualification Appraisal
23 Service has not verified to be in substantial equivalence with the CPA
24 licensure requirements of the AICPA/NASBA Uniform Accountancy Act shall be
25 presumed to have qualifications substantially equivalent to this state's
26 requirements and shall have all the privileges of certificate holders and
27 licensees of this state without the need to obtain a certificate under §17-12-
28 301 or §17-12-308 if such individual obtains from the NASBA National
29 Qualification Appraisal Service verification that such individual's CPA
30 qualifications are substantially equivalent to the CPA licensure requirements
31 of the AICPA/NASBA Uniform Accountancy Act. However, such individual shall
32 notify the board of his intent to practice in this state under this provision.
33 The board may charge a fee for such notification in an amount to be
34 determined by board rule.

35 (3) Any licensee of another state exercising the privilege
36 afforded under this section hereby consents, as a condition of the grant of

1 this privilege:

2 (A) To the personal and subject matter jurisdiction of the
3 board,

4 (B) To comply with this chapter and the board's rules,

5 (C) To the appointment of the board which
6 issued his license as his agent upon whom process may be served in
7 any action or proceeding by this board against the licensee.

8 (b) A licensee of this state offering or rendering services or using
9 his CPA title in another state shall be subject to disciplinary action in this
10 state for an act committed in another state for which the licensee would be
11 subject to discipline for an act committed in the other state."

12
13 SECTION 21. Arkansas Code Title 17, Chapter 12, Subchapter 3 is amended
14 to add the following:

15 "17-12-312. Licensing of public accountants.

16 Any person who qualified to register as a public accountant on July 1,
17 1975, may, at any time, register with the board to be licensed as a public
18 accountant."

19
20 SECTION 22. The title of Subchapter 4 of Chapter 12 of Title 17 of the
21 Arkansas Code is amended to read as follows:

22 "SUBCHAPTER 4 - REGISTRATION OF FIRMS"

23
24 SECTION 23. Arkansas Code 17-12-401 is amended to read as follows:

25 "17-12-401. Professional partnerships, ~~and~~ corporations and limited
26 liability companies of certified public accountants.

27 (a) A partnership engaged in this state in the practice of public
28 accounting ~~may~~ shall register with the board as a partnership of certified
29 public accountants, provided it meets the following requirements:

30 (1) At least one (1) general partner must be a certified public
31 accountant of this state in good standing; and

32 ~~(2) Each partner must be a certified public accountant of some~~
33 ~~state in good standing; and~~

34 ~~(3)(2) Each resident manager in charge of an office of a firm the~~
35 ~~partnership in this state and each partner personally engaged within this~~
36 ~~state in the practice of public accounting as a member must be a certified~~

1 public accountant of this state in good standing.

2 (b) A corporation ~~organized for~~ engaged in this state in the practice
3 of public accounting ~~may~~ shall register with the board as a corporation of
4 certified public accountants, provided it meets the following requirements:

5 ~~(1) The sole purpose and business of the corporation must be to~~
6 ~~furnish to the public services not inconsistent with this chapter or the~~
7 ~~regulations of the board. The corporation may invest its funds in a manner not~~
8 ~~incompatible with the practice of public accounting;~~

9 ~~(2)(1) Each shareholder of the corporation must be a certified~~
10 ~~public accountant of some state in good standing and must be principally~~
11 ~~employed by the corporation or actively engaged in its business. No other~~
12 ~~person shall have any interest in the stock of the corporation. The principal~~
13 ~~officer of the corporation and any~~ Any officer or director of the corporation
14 having authority over the practice of public accounting by the corporation in
15 this state must be a certified public accountant of some state in good
16 standing;

17 ~~(3)(2) At least one (1) shareholder of the corporation must be a~~
18 certified public accountant of this state in good standing;

19 ~~(4)(3) Each resident manager in charge of an office of the~~
20 ~~corporation in this state and each shareholder or director personally engaged~~
21 ~~within this state in the practice of public accounting must be a certified~~
22 public accountant of this state in good standing; and

23 ~~(5) In order to facilitate compliance with the provisions of this~~
24 ~~section relating to the ownership of stock, there must be a written agreement~~
25 ~~binding the corporation or the qualified shareholders to purchase any shares~~
26 ~~offered for sale by, or not under the ownership or effective control of, a~~
27 ~~qualified shareholder and binding any holder not a qualified shareholder to~~
28 ~~sell the shares to the corporation or the qualified shareholders. The~~
29 ~~agreement must be noticed on each certificate of corporate stock. The~~
30 ~~corporation may purchase any amount of its stock for this purpose,~~
31 ~~notwithstanding any impairment of capital, so long as one (1) share remains~~
32 ~~outstanding; and~~

33 ~~(6)(4) The corporation must be in compliance with other~~
34 regulations pertaining to corporations practicing public accounting in this
35 state that the board may prescribe.

36 (c) A limited liability company ~~organized for~~ engaged in this state in

1 the practice of public accounting ~~may~~ shall register with the board as a
2 limited liability company (hereinafter referred to as 'LLC') of certified
3 public accountants, provided it meets the following requirements:

4 ~~(1) The sole purpose and business of the LLC must be to furnish~~
5 ~~to the public services not inconsistent with this chapter or the regulations~~
6 ~~of the board. The LLC may invest its funds in a manner not incompatible with~~
7 ~~the practice of public accounting;~~

8 ~~(2)(1) Each member of the LLC must be a certified public~~
9 ~~accountant of some state in good standing and must be principally employed by~~
10 ~~the LLC or actively engaged in its business. No other person shall be a member~~
11 ~~of the LLC. Any manager, or member, officer or director of the LLC and any~~
12 ~~officer or director having authority over the practice of public accounting by~~
13 ~~the LLC in this state must be a certified public accountant of some state in~~
14 ~~good standing;~~

15 ~~(3)(2) At least one (1) member of the LLC must be a certified~~
16 ~~public accountant of this state in good standing;~~

17 ~~(4)(3) Each resident manager in charge of an office of the LLC in~~
18 ~~this state and each member personally engaged within this state in the~~
19 ~~practice of public accounting must be a certified public accountant of this~~
20 ~~state in good standing; and~~

21 ~~(5) In order to facilitate compliance with the provisions of this~~
22 ~~section to the membership in the LLC, there must be a written operating~~
23 ~~agreement binding the LLC and each of its members that no person shall become~~
24 ~~a member in the LLC who is not a certified public accountant of some state in~~
25 ~~good standing; and~~

26 ~~(6)(4) The LLC must be in compliance with other regulations~~
27 ~~pertaining to LLCs practicing public accounting in this state that the board~~
28 ~~may prescribe.~~

29 (d) Application for registration must be made upon the affidavit of a
30 general partner, shareholder or member who is a certified public accountant of
31 this state in good standing.

32 (e) The board shall in each case determine whether the applicant is
33 eligible for registration.

34 (f) A ~~partnership, corporation, or limited liability company~~ firm which
35 is so registered and which holds a permit issued under subchapter 5 of this
36 ~~chapter~~ may use the words 'certified public accountants' or the abbreviation

1 'CPAs' in connection with its partnership, corporate, or limited liability
2 company name.

3 (g) Notification shall be given the board within one (1) month after
4 the admission or withdrawal of a partner, shareholder or member from any
5 ~~partnership, corporation, or limited liability company~~ firm so registered.

6 (h) Any firm registered pursuant to this section may include non-
7 licensee owners or public accountants who hold a valid license under §17-12-
8 312, provided that:

9 (1) A majority of the ownership of the firm, in terms of
10 financial interests and voting rights of all partners, officers, directors,
11 shareholders, members or managers, belongs to holders of certificates who are
12 licensed in some state, and such partners, officers, directors, shareholders,
13 members or managers, whose principal place of business is in this state, and
14 who perform professional services in this state hold a valid certificate
15 issued under subchapter 3 of this chapter or the corresponding provisions of
16 prior law;

17 (2) The firm designates a licensee of this state who is
18 responsible for the proper registration of the firm and identifies that
19 individual to the board;

20 (3) All non-licensee owners are active individual participants in
21 the firm; and

22 (4) The firm complies with such other requirements as the board
23 may impose by rule."

24

25 SECTION 24. Arkansas Code 17-12-402 is amended to read as follows:

26 "17-12-402. Professional partnerships, ~~and~~ corporations and limited
27 liability companies of public accountants.

28 (a) A partnership engaged in this state in the practice of public
29 accounting ~~may~~ shall register with the board as a partnership of public
30 accountants, provided it meets the following requirements:

31 (1) At least one (1) general partner must be a certified public
32 accountant or a public accountant of this state in good standing; and

33 ~~(2) Each partner personally engaged within this state in the~~
34 ~~practice of public accounting as a member must be a certified public~~
35 ~~accountant or a public accountant of this state in good standing; and~~

36 ~~(3)~~ (2) Each resident manager in charge of an office of ~~a firm~~ the

1 partnership in this state must be a certified public accountant or a public
2 accountant of this state in good standing.

3 (b) A corporation ~~organized for~~ engaged in this state in the practice
4 of public accounting ~~may~~ shall register with the board as a corporation of
5 public accountants, provided it meets the following requirements:

6 ~~(1) The sole purpose and business of the corporation must be to~~
7 ~~furnish to the public services not inconsistent with this chapter or the~~
8 ~~regulations of the board. The corporation may invest its funds in a manner not~~
9 ~~incompatible with the practices of public accounting;~~

10 ~~(2) (1) Each shareholder of the corporation must be a certified~~
11 ~~public accountant or a public accountant of this state in good standing and~~
12 ~~must be principally employed by the corporation or actively engaged in its~~
13 ~~business. No other person shall have any interest in the stock of the~~
14 ~~corporation. The principal officer of the corporation and any~~ Any officer or
15 director of the corporation having authority over the practice of public
16 accounting by the corporation must be a certified public accountant or a
17 public accountant of this state in good standing;

18 ~~(3)(2) Each resident manager in charge of an office of the~~
19 ~~corporation in this state must be a certified public accountant or a public~~
20 ~~accountant of this state in good standing; and~~

21 ~~(4) In order to facilitate compliance with the provisions of this~~
22 ~~section relating to the ownership of stock, there must be a written agreement~~
23 ~~binding the corporation or the qualified shareholders to purchase any shares~~
24 ~~offered for sale by, or not under the ownership or effective control of, a~~
25 ~~qualified shareholder and binding any holder not a qualified shareholder to~~
26 ~~sell the shares to the corporation or the qualified shareholders. The~~
27 ~~agreement must be noticed on each certificate of corporate stock. The~~
28 ~~corporation may purchase any amount of its stock for this purpose,~~
29 ~~notwithstanding any impairment of capital, so long as one (1) share remains~~
30 ~~outstanding; and~~

31 ~~(5)(3) The corporation must be in compliance with other~~
32 ~~regulations pertaining to the corporations practicing public accounting in~~
33 ~~this state that the board may prescribe.~~

34 (c) A limited liability company ~~organized for~~ engaged in this state in
35 the practice of public accounting ~~may~~ shall register with the board as a
36 limited liability company (hereinafter referred to as 'LLC') of public

1 accountants, provided it meets the following requirements:

2 ~~(1) The sole purpose and business of the LLC must be to furnish~~
3 ~~to the public services not inconsistent with this chapter or the regulations~~
4 ~~of the board. The LLC may invest its funds in a manner not incompatible with~~
5 ~~the practice of public accounting;~~

6 ~~(2) Each member of the LLC must be a certified public accountant~~
7 ~~or a public accountant of this state in good standing and must be principally~~
8 ~~employed by the LLC or actively engaged in its business. No other person shall~~
9 ~~have any interest in the stock of the LLC. (1) Any manager or member,~~
10 ~~officer or director of the LLC having authority over the practice of public~~
11 ~~accounting by the LLC must be a public accountant or certified public~~
12 ~~accountant of some this state in good standing;~~

13 ~~(3) A (2) Each resident manager in charge of an office on the LLC~~
14 ~~must be a certified public accountant or a public accountant of this state in~~
15 ~~good standing; and this state must be a certified public accountant or a~~
16 ~~public accountant of this state in good standing;~~

17 ~~(4) In order to facilitate compliance with the provisions of this~~
18 ~~section to the membership in the LLC, there must be a written operating~~
19 ~~agreement binding the LLC and each of its members that no person shall become~~
20 ~~a member in the LLC who is not a certified public accountant of some state in~~
21 ~~good standing or a public accountant in this state in good standing; and~~

22 ~~(5)(3) The LLC must be in compliance with other regulations~~
23 ~~pertaining to the LLCs practicing public accounting in this state that the~~
24 ~~board may prescribe.~~

25 (d) Applications for registration must be made upon the affidavit of a
26 general partner, shareholder or member who holds a permit to practice is
27 licensed in this state as a certified public accountant or as a public
28 accountant.

29 (e) ~~A partnership, corporation or limited liability company which is so~~
30 ~~registered and which holds a permit issued under subchapter 5 of this chapter~~
31 ~~may use the words 'public accountants' in connection with its partnership,~~
32 ~~corporate or limited liability company name. The board shall in each case~~
33 ~~determine whether the applicant is eligible for registration.~~

34 (f) A firm which is so registered may use the words 'public
35 accountants' in connection with its firm.

36 ~~(f)(g)~~ Notification shall be given the board within one (1) month after

1 the admission to or withdrawal of a partner, shareholder or member from any
2 partnership, corporation or limited liability company so registered.

3 (h) Any firm registered pursuant to this section may include non-
4 licensee owners provided that:

5 (1) A majority of the ownership of the firm, in terms of
6 financial interests and voting rights of all partners, officers, directors,
7 shareholders, members or managers, belongs to licensees of this state;

8 (2) The firm designates a licensee of this state who is
9 responsible for the proper registration of the firm and identifies that
10 individual to the board;

11 (3) All non-licensee owners are active individual participants in
12 the firm; and

13 (4) The firm complies with such other requirements as the board
14 may impose by rule."

15
16 SECTION 25. Arkansas Code 17-12-403(a) is amended to read as follows:

17 "(a) Each office established or maintained in this state for the
18 practice of public accounting in this state by a certified public accountant,
19 ~~public accountant or partnership firm or corporation of certified public~~
20 ~~accountants, or by a public accountant or a partnership or corporation of~~
21 ~~public accountants, or by one registered under §§17-12-404,~~ shall be
22 registered annually with the board under this chapter."
23

24 SECTION 26. Arkansas Code 17-12-403(c) is amended to read as follows:

25 "(c) Each office shall be under the direct supervision of a resident
26 manager who may be either the sole proprietor or an owner of the firm, a
27 ~~principal, shareholder,~~ or a staff employee ~~holding a permit which is in full~~
28 ~~force and effect under subchapter 5 of this chapter~~ licensed under this
29 chapter. The title or designation 'certified public accountant' or the
30 abbreviation 'CPA' shall not be used in connection with an office unless the
31 resident manager is the holder of a certificate as a certified public
32 accountant ~~under §§17-12-301- 17-12-308 and 17-12-310 and a permit issued~~
33 ~~under subchapter 5 of this chapter, both of which are~~ is in full force and
34 effect. The resident manager may serve in such capacity at one (1) office
35 only."
36

1 SECTION 27. Arkansas Code 17-12-404 is amended to read as follows:

2 "17-12-404. ~~Foreign accountants.~~ Licenseses associated with unregistered
3 firms.

4 ~~In its discretion, the board may permit the registration of any person~~
5 ~~of good moral character who is the holder in good standing of a certificate,~~
6 ~~license, or degree in a foreign country constituting a recognized~~
7 ~~qualification for the practice of public accounting in that country. A person~~
8 ~~so registered shall use only the title under which he is generally known in~~
9 ~~his own country, followed by the name of the country from which he received~~
10 ~~his certificate, license, or degree.~~

11 A Licensee shall not perform attest services in any partnership,
12 corporation, limited liability company or other entity which is not registered
13 under subchapter 4 of this chapter. Any licensee who performs or offers to
14 perform professional services other than attest services while employed by or
15 associated with any sole proprietor, partnership, corporation, limited
16 liability company or any other entity not registered with the board shall not
17 permit his name and the title 'certified public accountant' or 'CPA' or
18 'public accountant' or 'PA' to be used by the unregistered entity on any sign,
19 card, electronic transmission, letterhead, financial statement or report, or
20 any advertisement or directory, without indicating thereon or therein that the
21 sole proprietor, partnership, corporation, limited liability company or other
22 entity is not registered with the board."

23
24 SECTION 28. Arkansas Code 17-12-405 is hereby repealed.

25 ~~17-12-405. Registration of public accountants.~~

26 ~~Any person who qualified to register as a public accountant on July 1,~~
27 ~~1975, may, at any time, register with the State Board of Public Accountancy as~~
28 ~~a public accountant.~~

29
30 SECTION 29. Arkansas Code 17-12-406 is hereby repealed.

31 ~~17-12-406. Licenseses associated with unregistered firm.~~

32 ~~A sole proprietor, partnership, corporation or other entity which has a~~
33 ~~person or persons not registered with the board as certified public~~
34 ~~accountants or public accountants as owners, partners or shareholders, is not~~
35 ~~eligible to register with the board. A certified public accountant or public~~
36 ~~accountant performing or offering to perform professional services as an~~

1 ~~accountant while employed by or associated with such an unregistered entity~~
2 ~~shall not permit his name and the title "certified public accountant" or "CPA"~~
3 ~~or "public accountant" or "PA" to be used by the unregistered entity on any~~
4 ~~sign, card, letterhead, financial statement or report, or any advertisement or~~
5 ~~directory, without indicating thereon or therein that the proprietor,~~
6 ~~partnership, corporation or other entity is not registered with the board.~~
7 ~~Notwithstanding the above, a certified public accountant or public accountant~~
8 ~~performing attest services as described in § 17-12-106(f) and (g) shall not~~
9 ~~permit his name to be used in association with the name of any sole~~
10 ~~proprietor, partnership, corporation or other entity which is not registered~~
11 ~~with the board pursuant to § 17-12-403.~~

12
13 SECTION 30. The title of Subchapter 5 of Chapter 12 of Title 17 of the
14 Arkansas Code is amended to read as follows:

15 "SUBCHAPTER 5 ANNUAL PERMITS LICENSE RENEWAL"

16
17 SECTION 31. Arkansas Code 17-12-501 is amended to read as follows:

18 "17-12-501. Eligibility. Renewal of license.

19 ~~(a) Permits to engage in the practice of public accounting in this~~
20 ~~state shall be issued by the board to persons who are holders of certificates~~
21 ~~as certified public accountants issued under §§ 17-12-301 - 17-12-308 and 17-~~
22 ~~12-310, to persons registered as public accountants who shall have furnished~~
23 ~~evidence satisfactory to the board of compliance with the requirements of §~~
24 ~~17-12-502, and to persons, partnerships, and corporations registered under §§~~
25 ~~17-12-401, 17-12-402, and 17-12-404, if all offices of the certificate holder~~
26 ~~or registrant are maintained and registered as required under § 17-12-403.~~

27 ~~(b) Any person who applies for an annual permit to practice must be a person:~~

28 ~~(1) Who has attained the age of twenty-one (21) years;~~

29 ~~(2) Who is of good moral character;~~

30 ~~(3) Who meets the experience requirements set forth in § 17-12-503; and~~

31 ~~(4) Who has complied with the continuing education requirements set forth in~~
32 ~~§ 17-12-502.~~

33 The board shall renew licenses to persons who make application and
34 demonstrate that their qualifications are in accordance with the provisions of
35 this chapter."

36

1 SECTION 32. Arkansas Code 17-12-502 is amended to read as follows:

2 "17-12-502. Continuing education requirement.

3 (a) Every application for ~~issuance or renewal of a an annual permit to~~
4 ~~practice under §§17-12-501 and 17-12-504~~ license by any person who holds a
5 certificate as a certified public accountant or registration as a public
6 accountant shall be accompanied or supported by such evidence as the board
7 shall prescribe documenting completion of forty (40) hours of acceptable
8 continuing education, approved by the board, during the twelve-month period
9 immediately preceding the date of application, or one hundred twenty (120)
10 hours of acceptable continuing education approved by the board, during the
11 thirty-six-month period immediately preceding the date of the application.

12 (b) Failure by an applicant for ~~issuance or renewal of a an annual~~
13 ~~permit~~ license to furnish ~~the~~ such evidence shall constitute grounds for
14 revocation, suspension, or refusal to issue or renew such ~~permit~~ license in a
15 proceeding under §17-12-601 unless the board in its discretion shall determine
16 the failure to have been due to reasonable cause. ~~or the applicant was not~~
17 ~~engaged in public accounting and maintained his initial registration or~~
18 ~~certificate as prescribed by 17-12-505.~~

19 (c) The board, in its discretion, may ~~issue or renew an annual permit~~
20 ~~to practice~~ license despite failure to furnish evidence of satisfaction of
21 requirements of continuing education and may ~~issue a permit to practice~~ renew
22 a license to an applicant who has previously maintained inactive status under
23 §17-12-505, upon the condition that the applicant follow a particular program
24 or schedule of continuing education.

25 (d) In issuing rules, regulations, and individual orders in respect to
26 requirements of continuing education, the board, in its discretion:

27 (1) May, among other things, use and rely upon guidelines and
28 pronouncements of recognized educational and professional associations;

29 (2) May prescribe content, duration, and organization of courses;

30 (3) Shall take into account the accessibility to applicants of
31 such continuing education as it may require;

32 (4) Shall consider any impediments to interstate practice of
33 public accountancy which may result from differences in the requirements in
34 other states; and

35 (5) May provide for relaxation or suspension of the requirements
36 in regard to applicants who certify that they do not intend to engage in the

1 practice of public accountancy and for instances of individual hardship.

2 (e) ~~The Arkansas State Board of Public Accountancy~~ board is authorized
3 to prescribe regulations, procedures, and policies in the manner and condition
4 under which credit shall be given for participation in a program of continuing
5 education that the board may deem necessary and appropriate to maintain the
6 highest standard of proficiency in the profession of public accounting.

7 (f) Examples of programs of continuing education which will be
8 acceptable include, but are not limited to, programs or seminars sponsored by
9 higher education institutions, government agencies, professional organizations
10 of certified public accountants and public accountants, and firms of certified
11 public accountants and public accountants.

12 (g) ~~The State Board of Public Accountancy~~ board is authorized to
13 prescribe conditions under which sponsors of continuing education programs
14 must register with the board or a third party approved by the board, in order
15 for such programs to be acceptable to the board. A fee for such registration
16 may be charged in an amount established by board rule. In the event the board
17 provides for registration with a third party, the fee charged by such third
18 party may be charged to and paid by the sponsor.

19 (h) The board may in its discretion require licensees to provide
20 evidence of compliance with the requirements of this section, and may
21 investigate licensees to verify compliance with this section. All persons
22 acting on behalf of the board in connection with such investigations shall be
23 considered officers or employees of the State of Arkansas for purposes of:

24 (1) Immunity from civil liability pursuant to §19-10-301 through
25 306; and

26 (2) Payment of actual damages on behalf of state officers or
27 employees pursuant to §21-9-201 through 205."

28
29 SECTION 33. Arkansas Code 17-12-503 is hereby repealed:

30 ~~Experience requirement.~~

31 ~~An applicant for a permit to engage in the practice of public accounting~~
32 ~~shall show that the applicant has had one (1) year of experience, providing~~
33 ~~one (1) or more kinds of services involving the using of accounting or~~
34 ~~auditing skills, including the issuance of reports on financial statements, or~~
35 ~~one (1) or more kinds of management advisory, financial advisory, or~~
36 ~~consulting services, or the preparation of tax returns or the furnishing of~~

1 ~~advice on tax matters, or the equivalent of such services, all of which were~~
2 ~~under the direction or supervision of a registrant of the board or a licensee~~
3 ~~or registrant of the board of accountancy or another state, and meeting any~~
4 ~~requirements prescribed by the board by rule.~~

5
6 SECTION 34. Arkansas Code 17-12-504 is amended to read as follows:

7 "17-12-504. Renewal fee.

8 (a) Individual certified public accountants and public accountants shall
9 pay an annual ~~permit~~ fee in an amount to be determined by board rule. All
10 ~~permits~~ licenses shall expire on December 31 of each year and may be renewed
11 annually for a period of one (1) year by certificate holders and registrants
12 in good standing upon payment of the annual renewal fee.

13 (b) ~~A corporation, limited liability company, partnership or other~~
14 ~~entity~~ firm registered with the board shall pay an annual registration fee in
15 an amount to be determined by board rule. All ~~permits~~ firm registrations shall
16 expire on December 31 of each year and may be renewed annually for a period of
17 one (1) year by registrants in good standing upon payment of the annual
18 renewal fee."

19
20 SECTION 35. Arkansas Code 17-12-505 is amended to read as follows:

21 "17-12-505. Inactive status.

22 ~~—— (a) Notwithstanding the provisions of §§ 17-12-501 and 17-12-504, a~~
23 ~~certified public accountant or public accountant registered under this chapter~~
24 ~~who is not engaged in the practice of public accounting may request in writing~~
25 ~~that the board place his name on the board's inactive roll, thereby granting~~
26 ~~him inactive status and protecting his right to obtain a permit to practice~~
27 ~~pursuant to §§ 17-12-501 and 17-12-504 at such later time as he may wish to~~
28 ~~become engaged in the practice of public accounting.~~

29 ~~—— (b) If, upon receipt of the notification, the board determines that the~~
30 ~~certified public accountant or public accountant is not engaged in public~~
31 ~~accounting, the certified public accountant or public accountant will be~~
32 ~~permitted to retain his initial registration or certificate by paying an~~
33 ~~annual registration fee in an amount as the board shall determine, from time~~
34 ~~to time, but not in excess of fifty dollars (\$50.00).~~

35 The board may by rule create an exception to the continuing education
36 requirement of § 17-12-502 for licensees who do not perform or offer to

1 perform for the public one or more kinds of services involving the use of
 2 accounting or auditing skills, including issuance of reports on financial
 3 statements or of one or more kinds of management advisory, financial advisory
 4 or consulting services, or the preparation of tax returns or the furnishing of
 5 advice on tax matters. Licensees granted such an exception by the board must
 6 place the word 'inactive' adjacent to their CPA title or PA title on any
 7 business card, letterhead, electronic transmission, or any other document or
 8 device, with the exception of their CPA certificate or PA registration, on
 9 which their CPA or PA title appears."

10
 11 SECTION 36. Arkansas Code 17-12-506 is amended to read as follows:

12 "17-12-506. Reinstatement.

13 (a) Unless in its discretion the board determines the failure to have
 14 been due to reasonable cause, the board shall deprive a certified public
 15 accountant or public accountant of the right to apply for ~~a permit or inactive~~
 16 ~~status renewal of a license~~ renewal of a license in the event a certified public accountant or
 17 public accountant shall fail ~~either to apply for an annual permit to practice~~
 18 ~~renewal of a license~~ or to be placed on ~~the board's inactive roll~~ inactive
 19 status within:-

20 ~~(1) One (1) year from the expiration date of the permit to~~
 21 ~~practice license~~ license last obtained or renewed pursuant to § 17-12-501; ~~.~~

22 ~~(2) One (1) year from the expiration date of the last annual~~
 23 ~~renewal of his certificate pursuant to §17-12-505; or~~

24 ~~(3) One (1) year from the date upon which the certificate holder~~
 25 ~~or registrant was granted his certificate or registration, if no permit was~~
 26 ~~ever issued to him under §17-12-501 or his name was never placed on the~~
 27 ~~board's inactive roll under §17-12-505.~~

28 (b) If the board determines the failure to have been due to reasonable
 29 cause, in its discretion, the board may impose a reinstatement fee not to
 30 exceed one hundred dollars (\$100), plus the total annual ~~registration~~ renewal
 31 fees which the certified public accountant or public accountant would have
 32 paid under §17-12-504 during the period when neither a ~~permit~~ license nor
 33 inactive status was maintained."

34
 35 SECTION 37. Arkansas Code 17-12-507 is amended to read as follows:

36 "17-12-507. Quality review of each practice unit.

1 (a) The ~~Arkansas State Board of Public Accountancy~~ board may by rule
 2 require as a condition for the renewal of a ~~permit to practice public~~
 3 ~~accounting~~ license a quality review of each practice unit maintained in this
 4 state. The quality review shall consist of either a uniform or random annual
 5 submission by each practice unit of the following kinds of reports issued by
 6 that practice unit during the twelve-month period immediately preceding the
 7 date of submission, if reports were issued during the period:

8 (1) A compilation report;

9 (2) A review report;

10 (3) An audit report; ~~and~~

11 (4) An audit report under a federal grant program or other
 12 ~~government program~~; and

13 (5) An examination of prospective financial information.

14 (b) All persons acting on behalf of the board in a quality review
 15 program under this section shall be considered officers or employees of the
 16 State of Arkansas for purposes of:

17 (1) Immunity from civil liability pursuant to §19-10-301 et seq.;

18 and

19 (2) Payment of actual damages on behalf of state officers or
 20 employees pursuant to §21-9-201 et seq.

21 (c) All financial statements, working papers, or other documents
 22 obtained from applicants for quality review shall be confidential and shall
 23 not be subject to public inspection except pursuant to an order of a court of
 24 competent jurisdiction. However, the documents may be introduced as evidence
 25 in any relevant proceedings before the board.

26 (d) For purposes of this section, a 'practice unit' shall be deemed to
 27 be any firm registered with the board under subchapter 4 of this chapter, and
 28 any licensee not employed by or associated with any firm registered with the
 29 board under subchapter 4 of this chapter but who has issued one or more
 30 compilation reports."

31
 32 SECTION 38. Arkansas Code 17-12-601(a) is amended to read as follows:

33 "(a) After notice and hearing as provided in §17-12-603, the board may
 34 revoke, ~~or may suspend~~ or refuse to renew for such period as the board may
 35 determine any certificate, license or practice privilege issued or granted
 36 under ~~§§ 17-12-301 - 17-12-308 and §17-12-310,~~ subchapter 3 or subchapter 4 of

1 ~~this chapter or any registration as a public accountant, or may revoke,~~
2 ~~suspend, or refuse to renew any permit issued under subchapter 5 of this~~
3 ~~chapter,~~ or assess a fine, not to exceed one thousand dollars (\$1,000) per
4 violation, or reprimand, censure or limit the scope of practice of the holder
5 of any such ~~permit~~ certificate, license or practice privilege for any one (1)
6 or any combination of the following causes:

7 (1) Fraud or deceit in obtaining a certificate or registration as a
8 certified public accountant or public accountant or in obtaining the
9 registration of a firm under this chapter ~~or in obtaining a permit to practice~~
10 ~~public accounting under this chapter;~~

11 (2) Dishonesty, fraud, or gross negligence in the practice of public
12 accounting;

13 (3) Violation of any of the provisions of §17-12-106;

14 (4) Violation of a rule of professional conduct promulgated by the
15 board under the authority granted by this chapter;

16 (5) Conviction of a felony under the laws of any state or of the United
17 States;

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

20 (7) Cancellation, revocation, suspension, or refusal to renew authority
21 to practice as a certified public accountant or a public accountant by any
22 other state for any cause other than failure to pay an annual registration fee
23 in the other state;

24 (8) Failure of a ~~certificate holder or registrant~~ licensee to ~~obtain an~~
25 ~~annual permit or inactive status~~ register annually under subchapter 5 of this
26 chapter within either:

27 (A) Three (3) years from the expiration date of the ~~permit to~~
28 ~~practice~~ license or registration renewal last obtained or renewed by the
29 certificate holder or registrant; or

30 (B) Three (3) years from the date upon which the holder or
31 registrant was granted his certificate or registration, if no ~~permit~~ license
32 or registration renewal was ever issued to him, unless under §17-12-506 the
33 failure shall have been excused by the board pursuant to the provisions of §
34 17-12-506; or

35 (9) Conduct discreditable to the public accounting profession."
36

1 SECTION 39. Arkansas Code 17-12-602 is amended to read as follows:

2 "17-12-602. Grounds for ~~partnerships and corporations~~ firms.

3 (a) After notice and hearing as provided in §17-12-603, the board shall
4 revoke the registration and ~~permit to practice~~ of a ~~partnership, corporation~~
5 ~~or limited liability company~~ firm if at any time it does not have all the
6 qualifications prescribed by the section of this chapter under which it
7 qualified for registration.

8 (b) After notice and hearing as provided in §17-12-603, the board may
9 revoke or suspend the registration of a ~~partnership, corporation or limited~~
10 ~~liability company~~ firm or ~~may revoke, suspend, or refuse to renew its permit~~
11 ~~under subchapter 5 of this chapter to practice~~, or may censure the holder of a
12 ~~permit~~ firm registration for any of the causes enumerated in §17-12-601 or for
13 any of the following additional causes:

14 (1) The revocation or suspension of the certificate or
15 registration or the revocation or suspension or refusal to renew the ~~permit to~~
16 ~~practice~~ license of any partner, shareholder or member; or

17 (2) The cancellation, revocation, suspension, or refusal to renew
18 the authority of the ~~partnership, corporation or limited liability company~~
19 firm, or any partner, shareholder or member thereof, to practice public
20 accounting in any other state for any cause other than failure to pay an
21 annual registration fee in the other state."

22
23 SECTION 40. Arkansas Code 17-12-604 is amended to read as follows:

24 "17-12-604. Reinstatement.

25 Upon application in writing and after hearing pursuant to notice, the
26 board may issue a new certificate to a certified public accountant whose
27 certificate shall have been revoked, or the board may permit the
28 reregistration of anyone whose registration has been revoked or may reissue or
29 modify the suspension of any ~~permit~~ license to practice public accounting
30 which has been revoked or suspended."

31
32 SECTION 41. This Act shall be effective on January 1, 2000.

33
34 SECTION 42. All provisions of this Act of a general and permanent
35 nature are amendatory to the Arkansas Code of 1987 Annotated and the Arkansas
36 Code Revision Commission shall incorporate the same in the Code.

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SECTION 43. If any provision of this Act or the application thereof to any person or circumstance is held invalid, such invalidity shall not affect other provisions or applications of the Act which can be given effect without the invalid provision or application, and to this end the provisions of this Act are declared to be severable.

SECTION 44. All laws and parts of laws in conflict with this Act are hereby repealed.

/s/ Courtway

APPROVED: 2/19/1999