

Stricken language would be deleted from present law. Underlined language would be added to present law.

1 State of Arkansas
2 81st General Assembly
3 Regular Session, 1997
4

As Engrossed: S1/29/97

A Bill

ACT 242 OF 1997
SENATE BILL 46

5 By: Senator Malone
6
7

For An Act To Be Entitled

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

Subtitle

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

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

18 SECTION 1. Arkansas Code 17-12-106 is amended to read as follows:

19 "§ 17-12-106. Unlawful acts.

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

33 (b) No ~~partnership~~or, corporation or limited liability company shall
34 assume or use the title or designation certified public accountant or the
35 abbreviation CPA or any other title, designation, words, letters,
36 abbreviation, sign, card, or device tending to indicate that the partnership

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

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

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

31 (e) No person, ~~partnership~~~~or~~, corporation or limited liability company
32 shall assume or use the title or designation certified accountant, chartered
33 accountant, enrolled accountant, licensed accountant, registered
34 accountant, accredited accountant, accounting practitioner, or any other
35 title or designation likely to be confused with certified public accountant
36 or public accountant, or any of the abbreviations, CA, PA, EA, LA, RA,

1 AA, AP, or similar abbreviations likely to be confused with CPA. However,
2 anyone who holds a live permit issued under subchapter 5 of this chapter and
3 all of whose offices in this state for the practice of public accounting are
4 maintained and registered as required under § 17-12-403 may hold himself out
5 to the public as an accountant or auditor. A foreign accountant registered
6 under § 17-12-404 who holds a live permit issued under subchapter 5 of this
7 chapter and all of whose offices in this state for the practice of public
8 accounting are maintained and registered as required under § 17-12-403 may use
9 the title under which he is generally known in his country, followed by the
10 name of the country from which he received his certificate, license, or
11 degree.

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

21 (A) Financial information; or

22 (B) Facts respecting compliance with conditions established
23 by law or contract, including, but not limited to, statutes, ordinances,
24 regulations, grants, loans, and appropriations.

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

32 (g) Unless the partnership~~or~~, corporation or limited liability company
33 holds a live permit issued under subchapter 5 of this chapter and all of its
34 offices in this state for the practice of public accounting are maintained and
35 registered as required under § 17-12-403, no person shall sign or affix a
36 partnership~~or~~, corporate or limited liability company name with any wording

1 indicating that it is a partnership ~~or~~, corporation or limited liability
2 company composed of accountants or auditors or persons having expert knowledge
3 in accounting or auditing to any opinion or certificate attesting in any way
4 to the reliability of any representation or estimate in regard to any person
5 or organization embracing:

- 6 (1) Financial information; or
- 7 (2) Facts respecting compliance with conditions established by
8 law or contract, including, but not limited to, statutes, ordinances,
9 regulations, grants, loans, and appropriations.

10 (h) No person or partnership ~~or~~, corporation or limited liability
11 company not holding a live permit issued under subchapter 5 of this chapter
12 shall hold himself or itself out to the public as an accountant or auditor
13 by use of either or both of such words on any sign, card, or letterhead, or in
14 any advertisement or directory, without indicating thereon or therein that the
15 person, partnership, ~~or~~ corporation or limited liability company does not hold
16 such a permit. This subsection shall not prohibit any officer, employee,
17 partner, or principal of any organization from describing himself by the
18 position, title, or office he holds in such organization, nor shall this
19 subsection prohibit any act of a public official or public employee in the
20 performance of his duties as such.

21 (i) No person shall assume or use the title or designation certified
22 public accountant or public accountant in conjunction with names indicating
23 or implying that there is a partnership or corporation, or in conjunction with
24 *or implying that there is a partnership, ~~or~~ corporation or limited liability*
25 company, or in conjunction with such case, there is in fact no bona fide
26 partnership ~~or~~, corporation or limited liability company registered under \S
27 17-12-401 or \S 17-12-402. A sole proprietor or partnership lawfully using the
28 title or designation in conjunction with such names or designation on July 9,
29 1975, may continue to do so if he or it otherwise complies with the provisions
30 of this chapter.

31 ~~—(j) No person engaged in the practice of public accountancy shall pay a~~
32 ~~commission to obtain a client, nor shall that person accept a commission for a~~
33 ~~referral to a client of products or services of others. This subsection shall~~
34 ~~not prohibit payments for the purchase of an accounting practice or retirement~~
35 ~~payments to individuals presently or formerly engaged in the practice of~~
36 ~~public accounting or payments to their heirs or estates.~~

1 ~~_____ (k) Professional services shall not be offered or rendered under an~~
2 ~~arrangement whereby no fee will be charged unless a specified finding or~~
3 ~~result is attained, or when the fee is otherwise contingent upon the findings~~
4 ~~or results of such services. However, a licensee's fees may vary depending,~~
5 ~~for example, on the complexity of the service rendered. Fees are not regarded~~
6 ~~as being contingent if fixed by courts or other public authorities or, in tax~~
7 ~~matters, if the fees are based on the results of judicial proceedings or the~~
8 ~~findings of government agencies.~~

9 (j) A permit holder in public practice shall not for a commission
10 recommend or refer to a client any product or service, or for a commission
11 recommend or refer any product or service to be supplied by a client, or
12 receive a commission, when the permit holder or the permit holders firm also
13 performs for that client:

- 14 (1) an audit or review of a financial statement; or
- 15 (2) a compilation of a financial statement when the permit holder
16 expects, or reasonably might expect, that a third party will use the financial
17 statement and the permit holders compilation report does not disclose a lack
18 of independence; or
- 19 (3) an examination of prospective financial information.

20 This prohibition applies during the period in which the permit holder is
21 engaged to perform any of the services listed above and the period covered by
22 any historical financial statements involved in such listed services.

23 (k) A permit holder in public practice who is not prohibited by this
24 rule from performing services for or receiving a commission and who is paid or
25 expects to be paid a commission shall disclose that fact to any person or
26 entity to whom the permit holder recommends or refers a product for service to
27 which the commission relates.

28 (l) Any permit holder who accepts a referral fee for recommending or
29 referring any service of a certified public accountant or public accountant to
30 any person or entity or who pays a referral fee to obtain a client shall
31 disclose such acceptance or payment to the client."

32
33 SECTION 2. Subchapter 1 of Chapter 12 of Title 17 of the Arkansas Code
34 is hereby amended by inserting an additional section at the end thereof to
35 read as follows:

36 "§ 17-12-112. Limited Liability Company

1 One (1) or more individual persons may organize a limited liability
2 company for the practice of public accounting under §§ 4-32-101 through 4-32-
3 1313 as amended from time to time."

4
5 SECTION 3. Arkansas Code 17-12-203(b) is amended to read as follows:

6 "(b) The board shall have printed and published for public
7 distribution, ~~as of May 31 of each year, an annual~~ a biennial register which
8 shall contain the names, arranged alphabetically by classifications, of all
9 practitioners holding permits to practice under this chapter, the names of the
10 members of the board, and any other matters as may be deemed proper by the
11 board. Copies of the registers shall be mailed to each permit holder. The
12 board may employ personnel and arrange for assistance as it may require for
13 the performance of its duties."

14
15 SECTION 4. Arkansas Code 17-12-301(a) is amended to read as follows:

16 "(a) A certificate as a certified public accountant shall be granted by
17 the board to any person:

18 (1) Who has met the education requirements set forth by the
19 board; and

20 (2) Who has passed ~~a written~~ an examination in accounting and
21 auditing and such related subjects as the board shall determine to be
22 appropriate."

23
24 SECTION 5. Arkansas Code 17-12-306 is amended to read as follows:

25 ~~"(a) The board shall charge each candidate a fee, to be determined by~~
26 ~~the board:~~

27 ~~_____ (1) Not in excess of one hundred dollars (\$100), plus any~~
28 ~~increase in examination costs after July 9, 1975, for the initial examination~~
29 ~~provided for in § 17-12-301(a)(2); and~~

30 ~~_____ (2) Not in excess of one hundred fifty dollars (\$150), plus any~~
31 ~~increase in examination costs after July 9, 1975, for any special examination~~
32 ~~for a waiver of the education requirement.~~

33 ~~_____ (b) Fees for reexamination under § 17-12-301(a)(2) shall also be~~
34 ~~charged by the board in amounts determined by it, but not in excess of fifteen~~
35 ~~dollars (\$15.00), plus any increase in examination costs after July 9, 1975,~~
36 ~~for each subject in which the candidate is reexamined.~~

1 ~~_____ (c) The applicable fees shall be paid by the candidate at the time he~~
2 ~~applies for examination or reexamination.~~

3 (a) The board shall charge a fee to each candidate applying to sit for
4 the examination. In the boards discretion, the fee for a first time
5 candidate may be greater than the fee charged for re-examination.

6 (b) The board shall also charge a fee to each candidate for the
7 administration of the examination. The board may in its discretion contract
8 with a third party to assist in the administration of the examination. In
9 such event, the fee charged by such third party may be charged to and paid by
10 the candidate.

11 (c) The fees to be paid by each candidate pursuant to this section
12 shall be determined by the board, taking into account the approximate cost of
13 processing the applications and administering the examination. In setting the
14 fees, the board may also take into account additional costs to comply with the
15 Americans With Disabilities Act and may establish a reserve for such purposes.

16 (d) The applicable fees payable pursuant to this section shall be paid
17 by the candidate at the time he applies for examination or re-examination."
18

19 SECTION 6. Arkansas Code 17-12-307 is amended to read as follows:

20 "§ 17-12-307. Out-of-state examinations - Credit.

21 The board may by regulation provide for granting a credit to a candidate
22 for his satisfactory completion of ~~a written~~ examination in any one or more
23 of the subjects specified in § 17-12-301(a)(2) given by the licensing
24 authority in any other state. The regulations shall include such requirements
25 as the board shall determine to be appropriate in order that any examination
26 approved as a basis for any credit shall be, in the judgment of the board, at
27 least as thorough as the most recent examination given by the board at the
28 time of the granting of the credit."
29

30 SECTION 7. Arkansas Code 17-12-308 is amended to read as follows:

31 "§ 17-12-308. Reciprocity.

32 ~~_____ In its discretion, the board may waive the examination and education~~
33 ~~requirements under § 17-12-301(a) and the residency requirement under~~
34 ~~subchapter 5 of this chapter. It may issue a certificate as a certified public~~
35 ~~accountant or an annual permit to practice, as provided for under subchapter 5~~
36 ~~of this chapter, to any person who is the holder of the certificate as a~~

1 ~~certified public accountant, then in full force and effect, issued under the~~
2 ~~laws of any other state or to any person who is the holder of a certificate,~~
3 ~~license, or degree in a foreign country constituting a recognized~~
4 ~~qualification for the practice of public accounting in that country,~~
5 ~~comparable to that of the certified public accountant of this state, which is~~
6 ~~then in full force and effect.~~The board shall issue a certificate as a
7 certified public accountant or an annual permit to practice, as provided for
8 under subchapter 5 of this chapter, to a holder of a certificate, license or
9 permit issued by another state upon a showing that:

10 (A) the applicant passed the examination required for issuance of
11 the applicants certificate with grades that would have been passing grades at
12 the time in this state;

13 (B) the applicant:

14 (1) meets all current requirements in this state for
15 issuance of a certificate or permit to practice at the time application is
16 made; or

17 (2) at the time of the issuance of the applicants
18 certificate, license or permit in the other state, met all such requirements
19 then applicable in this state; or

20 (3) had five (5) years of experience outside of this state
21 in the practice of public accounting or meets equivalent requirements
22 prescribed by the board by rule, after passing the examination upon which the
23 applicants certificate was based and within the ten (10) years immediately
24 preceding the application;

25 (C) with respect to an application for a permit to practice, the
26 applicant has had experience in the practice of public accounting meeting the
27 requirements of A.C.A. §17-12-503; and

28 (D) with respect to an application for a permit to practice, the
29 applicant has fulfilled the continuing education requirements applicable under
30 A.C.A. §17-12-502."

31

32 SECTION 8. Arkansas Code 17-12-309(b) is amended to read as follows:

33 ~~"(b) A fee not to exceed fifty dollars (\$50.00) shall be charged for~~
34 ~~this permit.~~A fee for this permit may be charged in an amount established by
35 board rule."

36

1 SECTION 9. Arkansas Code 17-12-401 is amended to read as follows:

2 "§ 17-12-401. Professional partnerships and corporations of certified
3 public accountants.

4 (a) A partnership engaged in this state in the practice of public
5 accounting may register with the board as a partnership of certified public
6 accountants, provided it meets the following requirements:

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

9 (2) Each partner must be a certified public accountant of some
10 state in good standing; and

11 (3) Each resident manager in charge of an office of a firm in
12 this state and each partner personally engaged within this state in the
13 practice of public accounting as a member must be a certified public
14 accountant of this state in good standing.

15 (b) A corporation organized for the practice of public accounting may
16 register with the board as a corporation of certified public accountants,
17 provided it meets the following requirements:

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

22 (2) Each shareholder of the corporation must be a certified
23 public accountant of some state in good standing and must be principally
24 employed by the corporation or actively engaged in its business. No other
25 person shall have any interest in the stock of the corporation. The principal
26 officer of the corporation and any officer or director having authority over
27 the practice of public accounting by the corporation must be a certified
28 public accountant of some state in good standing;

29 (3) At least one (1) shareholder of the corporation must be a
30 certified public accountant of this state in good standing;

31 (4) Each resident manager in charge of an office of the
32 corporation in this state and each shareholder or director personally engaged
33 within this state in the practice of public accounting must be a certified
34 public accountant of this state in good standing;

35 (5) In order to facilitate compliance with the provisions of this
36 section relating to the ownership of stock, there must be a written agreement

1 binding the corporation or the qualified shareholders to purchase any shares
2 offered for sale by, or not under the ownership or effective control of, a
3 qualified shareholder and binding any holder not a qualified shareholder to
4 sell the shares to the corporation or the qualified shareholders. The
5 agreement must be noticed on each certificate of corporate stock. The
6 corporation may purchase any amount of its stock for this purpose,
7 notwithstanding any impairment of capital, so long as one (1) share remains
8 outstanding; and

9 (6) The corporation must be in compliance with other regulations
10 pertaining to corporations practicing public accounting in this state that the
11 board may prescribe.

12 (c) A limited liability company organized for the practice of public
13 accounting may register with the board as a limited liability company
14 (hereinafter referred to as LLC) of certified public accountants, provided it
15 meets the following requirements:

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

20 (2) Each member of the LLC must be a certified public accountant
21 of some state in good standing and must be principally employed by the LLC or
22 actively engaged in its business. No other person shall be a member of the
23 LLC. Any manager or member of the LLC and any officer or director having
24 authority over the practice of public accounting by the LLC must be a
25 certified public accountant of some state in good standing;

26 (3) At least one (1) member of the LLC must be a certified public
27 accountant of this state in good standing;

28 (4) Each resident manager in charge of an office of the LLC in
29 this state and each member personally engaged within this state in the
30 practice of public accounting must be a certified public accountant of this
31 state in good standing;

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

1 (6) The LLC must be in compliance with other regulations
2 pertaining to LLCs practicing public accounting in this state that the board
3 may prescribe.

4 ~~-----~~(e)(d) Application for registration must be made upon the affidavit of
5 a general partner~~or~~, shareholder or member who is a certified public
6 accountant of this state in good standing.

7 ~~-----~~(d)(e) The board shall in each case determine whether the applicant is
8 eligible for registration.

9 ~~-----~~(e)(f) A partnership~~or~~, corporation, or limited liability company
10 which is so registered and which holds a permit issued under subchapter 5 of
11 this chapter may use the words certified public accountants or the
12 abbreviation CPAs in connection with its partnership~~or~~, corporate, or
13 limited liability company name.

14 ~~-----~~(f)(g) Notification shall be given the board within one (1) month after
15 the admission or withdrawal of a partner~~or shareholders~~, shareholder or
16 member from any partnership~~or~~, corporation, or limited liability company so
17 registered."
18

19 SECTION 10. Arkansas Code 17-12-402 is amended to read as follows:

20 "§ 17-12-402. Professional partnerships and corporations of public
21 accountants.

22 (a) A partnership engaged in this state in the practice of public
23 accounting may register with the board as a partnership of public accountants,
24 provided it meets the following requirements:

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

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

30 (3) Each resident manager in charge of an office of a firm in
31 this state must be a certified public accountant or a public accountant of
32 this state in good standing.

33 (b) A corporation organized for the practice of public accounting may
34 register with the board as a corporation of public accountants, provided it
35 meets the following requirements:

36 (1) The sole purpose and business of the corporation must be to

1 furnish to the public services not inconsistent with this chapter or the
2 regulations of the board. The corporation may invest its funds in a manner not
3 incompatible with the practices of public accounting;

4 (2) Each shareholder of the corporation must be a certified
5 public accountant or a public accountant of this state in good standing and
6 must be principally employed by the corporation or actively engaged in its
7 business. No other person shall have any interest in the stock of the
8 corporation. The principal officer of the corporation and any officer or
9 director having authority over the practice of public accounting by the
10 corporation must be a certified public accountant or a public accountant of
11 this state in good standing;

12 (3) Each resident manager in charge of an office of the
13 corporation in this state must be a certified public accountant or a public
14 accountant of this state in good standing;

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

25 (5) The corporation must be in compliance with other regulations
26 pertaining to the corporations practicing public accounting in this state that
27 the board may prescribe.

28 (c) A limited liability company organized for the practice of public
29 accounting may register with the board as a limited liability company
30 (hereinafter referred to as LLC) of public accountants, provided it meets the
31 following requirements:

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

36 (2) Each member of the LLC must be a certified public accountant

1 or a public accountant of this state in good standing and must be principally
2 employed by the LLC or actively engaged in its business. No other person
3 shall have any interest in the stock of the LLC. Any manager or member of the
4 LLC having authority over the practice of public accounting by the LLC must be
5 a certified public accountant of some state in good standing;

6 (3) a certified public accountant or a public accountant of this
7 state in good standing; this state must be a certified public accountant or a
8 public accountant of this state in good standing;

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

14 (5) The LLC must be in compliance with other regulations
15 pertaining to the LLCs practicing public accounting in this state that the
16 board may prescribe.

17 ~~—(e)(d)~~ Applications for registration must be made upon the affidavit of
18 a general partner~~—or~~, shareholder or member who holds a permit to practice in
19 this state as a certified public accountant or as a public accountant.

20 ~~—(d)(e)~~ The board shall in each case determine whether the applicant is
21 eligible for registration. A partnership~~—or~~, corporation or limited liability
22 company which is so registered and which holds a permit issued under
23 subchapter 5 of this chapter may use the words public accountants in
24 connection with its partnership~~—or~~, corporate or limited liability company
25 name.

26 ~~—(e)(f)~~ Notification shall be given the board within one (1) month after
27 the admission to or withdrawal of a partner~~—or~~, shareholder or member from any
28 partnership~~—or~~, corporation or limited liability company so registered."
29

30 SECTION 11. Arkansas Code 17-12-403(b) is amended to read as follows:

31 "(b) No fee shall be charged for the registration of one office. The
32 board at its discretion may require an annual fee to be paid for each
33 additional office registered. The amount of said fee shall be established by
34 board rule."

35

36 SECTION 12. Subchapter 4 of Chapter 12 of Title 17 of the Arkansas Code

1 is amended by inserting an additional section at the end thereof to read as
2 follows:

3 "17-12-406. Licensees Associated With Unregistered Firm.

4 A sole proprietor, partnership, corporation or other entity which has a
5 person or persons not registered with the board as certified public
6 accountants or public accountants as owners, partners or shareholders, is not
7 eligible to register with the board. A certified public accountant or public
8 accountant performing or offering to perform professional services as an
9 accountant while employed by or associated with such an unregistered entity
10 shall not permit his name and the title certified public accountant or CPA
11 or public accountant or PA to be used by the unregistered entity on any
12 sign, card, letterhead, financial statement or report, or any advertisement or
13 directory, without indicating thereon or therein that the proprietor,
14 partnership, corporation or other entity is not registered with the board.
15 Notwithstanding the above, a certified public accountant or public accountant
16 performing attest services as described in A.C.A. §17-12-106(f) and (g) shall
17 not permit his name to be used in association with the name of any sole
18 proprietor, partnership, corporation or other entity which is not registered
19 with the board pursuant to A.C.A. §17-12-403."

20

21 SECTION 13. Arkansas Code 17-12-501(b) is amended to read as follows:

22 "(b) Any person who applies for an annual permit to practice must be a
23 person:

24 ~~_____ (1) Who is a resident of this state or has a place of business~~
25 ~~herein, or, as an employee, is regularly employed in this state;~~

26 ~~_____ (2)(1) Who has attained the age of twenty-one (21) years;~~

27 ~~_____ (3)(2) Who is of good moral character; and~~

28 ~~_____ (4)(3) Who meets the experience requirements set forth in § 17-~~
29 ~~12-503; and~~

30 (4) Who has complied with the continuing education requirements
31 set forth in A.C.A. §17-12-502."

32

33 SECTION 14. Arkansas Code 17-12-502(a), (b) and (c) are amended to read
34 as follows:

35 "(a) Every application for issuance or renewal of an annual permit to
36 practice under §§ 17-12-501 and 17-12-504 by any person who holds a

1 certificate as a certified public accountant or registration as a public
2 accountant shall be accompanied or supported by such evidence as the board
3 shall prescribe documenting completion of forty (40) hours of acceptable
4 continuing education, approved by the board, during the twelve-month period
5 immediately preceding the date of application, or one hundred twenty (120)
6 hours of acceptable continuing education approved by the board, during the
7 thirty-six-month period immediately preceding the date of the application.

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

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

21

22 SECTION 15. Arkansas Code 17-12-502 is amended by inserting an
23 additional subsection at the end thereof to read as follows:

24 "(g) The State Board of Public Accountancy is authorized to prescribe
25 conditions under which sponsors of continuing education programs must register
26 with the board or a third party approved by the board, in order for such
27 programs to be acceptable to the board. A fee for such registration may be
28 charged in an amount established by board rule. In the event the board
29 provides for registration with a third party, the fee charged by such third
30 party may be charged to and paid by the sponsor."

31

32 SECTION 16. Arkansas Code 17-12-503 is amended to read as follows:

33 "§ 17-12-503. Experience requirement.

34 ~~—The experience requirement shall be two (2) years' experience in the~~
35 ~~practice of public accounting or equivalent experience in industry,~~
36 ~~government, or college teaching acceptable to the board. For purposes of this~~

1 ~~experience requirement, a master's degree in accounting or business~~
2 ~~administration from a college or university recognized by the board shall be~~
3 ~~deemed the equivalent of one (1) year's experience.~~An applicant for a permit
4 to engage in the practice of public accounting shall show that the applicant
5 has had one (1) year of experience, providing one or more kinds of services
6 involving the using of accounting or auditing skills, including the issuance
7 of reports on financial statements, or one or more kinds of management
8 advisory, financial advisory, or consulting services, or the preparation of
9 tax returns or the furnishing of advice on tax matters, or the equivalent of
10 such services, all of which was under the direction or supervision of a
11 registrant of the board or a licensee or registrant of the board of
12 accountancy or another state, and meeting any requirements prescribed by the
13 board by rule."
14

15 SECTION 17. Arkansas Code 17-12-504 is amended to read as follows:

16 "§ 17-12-504. Renewal fee.

17 ~~There shall be an annual permit fee in an amount to be determined, from~~
18 ~~time to time, by the board, not to exceed fifty dollars (\$50.00). All permits~~
19 ~~shall expire on December 31 of each year and may be renewed annually for a~~
20 ~~period of one (1) year by certificate holders and registrants in good standing~~
21 ~~upon payment of the annual renewal fee.~~(a) Individual certified public
22 accountants and public accountants shall pay an annual permit fee in an amount
23 to be determined by board rule. All permits shall expire on December 31 of
24 each year and may be renewed annually for a period of one (1) year by
25 certificate holders and registrants in good standing upon payment of the
26 annual renewal fee.

27 (b) A corporation, limited liability company, partnership or other
28 entity registered with the board shall pay an annual registration fee in an
29 amount to be determined by board rule. All permits shall expire on December
30 31 of each year and may be renewed annually for a period of one (1) year by
31 registrants in good standing upon payment of the annual renewal fee."
32

33 SECTION 18. Arkansas Code 17-12-601 is amended to read as follows:

34 "§ 17-12-601. Grounds generally.

35 (a) After notice and hearing as provided in § 17-12-603, the board may
36 revoke or may suspend for such period as the board may determine any

1 certificate issued under §§ 17-12-301 - 17-12-308 and 17-12-310, or any
2 registration as a public accountant, or may revoke, suspend, or refuse to
3 renew any permit issued under subchapter 5 of this chapter, or ~~may~~
4 ~~censure~~ assess a fine, not to exceed one thousand dollars (\$1,000) per
5 violation, or reprimand, censure or limit the scope of practice of the holder
6 of any such permit for any one (1) or any combination of the following causes:

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

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

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

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

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

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

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

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

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

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

34 (9) Conduct discreditable to the public accounting profession.

35 (b) In lieu of or in addition to any remedy specifically provided in
36 subsection (a) of this §17-12-601, the board may require of a permit holder

1 any or all of the following:

2 (1) a quality review conducted in such manner as the board may
3 specify; and

4 (2) a satisfactory completion of such continuing education
5 programs as the board may specify.

6 (c) In any proceeding in which a remedy provided by subsections (a) or
7 (b) of this §17-12-601 is imposed, the board may also require the respondent
8 to pay the costs of the proceeding."

9

10 SECTION 19. Arkansas Code 17-12-602 is amended to read as follows:

11 "§ 17-12-602. Grounds for partnerships and corporations.

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

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

23 (1) The revocation or suspension of the certificate or
24 registration or the revocation or suspension or refusal to renew the permit to
25 practice of any partner~~or,~~ shareholder or member; or

26 (2) The cancellation, revocation, suspension, or refusal to renew
27 the authority of the partnership~~or,~~ corporation or limited liability company,
28 or any partner~~or,~~ shareholder or member thereof, to practice public
29 accounting in any other state for any cause other than failure to pay an
30 annual registration fee in the other state."

31

32 SECTION 20. All provisions of this act of a general and permanent
33 nature are amendatory to the Arkansas Code of 1987 Annotated and the Arkansas
34 Code Revision Commission shall incorporate the same in the Code.

35

36 SECTION 21. If any provision of this act or the application thereof to

1 any person or circumstance is held invalid, such invalidity shall not affect
2 other provisions or applications of the act which can be given effect without
3 the invalid provision or application, and to this end the provisions of this
4 act are declared to be severable.

5

6 SECTION 22. All laws and parts of laws in conflict with this act are
7 hereby repealed.

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10

/s/Malone

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APPROVED: 2-24-97

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