

Stricken language would be deleted from and underlined language would be added to the law as it existed prior to this session of the General Assembly.

Act 93 of the Regular Session

1 State of Arkansas
2 87th General Assembly
3 Regular Session, 2009

A Bill

SENATE BILL 133

4
5 By: Senator T. Smith
6 By: Representatives Patterson, Wells

For An Act To Be Entitled

7
8
9
10 AN ACT TO AMEND THE PUBLIC ACCOUNTANCY ACT OF
11 1975; AND FOR OTHER PURPOSES.

Subtitle

12
13
14 TO AMEND THE PUBLIC ACCOUNTANCY ACT OF
15 1975.

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:

23 (1) "AICPA" means the American Institute of Certified Public
24 Accountants, or its successor;

25 (2) "Attest" means providing the following financial statement
26 services:

27 (A) ~~Any~~ An audit or other engagement to be performed in
28 accordance with the "Statements on Auditing Standards";

29 (B) ~~Any~~ A review of a financial statement to be performed
30 in accordance with the "Statements on Standards for Accounting and Review
31 Services"; ~~and~~

32 (C) ~~Any~~ An examination of prospective financial
33 information to be performed in accordance with the "Statements on Standards
34 for Attestation Engagements"; and

35 (D) An engagement to be performed in accordance with PCAOB



1 standards.

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

5 (4) "Board" means the Arkansas State Board of Public Accountancy
6 created by § 17-12-201;

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

11 (6) "Compilation" means providing a service to be performed in
12 accordance with "Statements on Standards for Accounting and Review Services"
13 and presenting in the form of financial statements information that is the
14 representation of management and/or owners without undertaking to express any
15 assurance on the financial statements.

16 ~~(6)-(7)~~ "Conviction" means all instances in a criminal case in
17 which a defendant has been found guilty or pleads guilty or nolo contendere
18 regardless of whether:

19 (A) Sentencing or imposition of sentencing has been
20 deferred or suspended; or

21 (B) The adjudication of guilt or the sentence is withheld
22 by the court;

23 ~~(7)-(8)~~ "Firm" means a partnership, corporation, limited
24 liability company, sole proprietorship, or other entity required to be
25 registered with the board under the provisions of § 17-12-401 et seq.;

26 ~~(8)-(9)~~ "License" means a certificate issued under § 17-12-301 or
27 a registration under § 17-12-312 or § 17-12-401 et seq. or, in each case, a
28 certificate or permit issued or a registration under corresponding provisions
29 of prior law;

30 ~~(9)-(10)~~ "Licensee" means the holder of a license as defined in
31 this section;

32 ~~(10)-(11)~~ "Member" means either:

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

35 (B) The beneficial owner of membership interests of a
36 revocable living trust where the membership interests are registered in the

1 records of the limited liability company in the name of the revocable living
2 trust;

3 ~~(11)~~(12) “NASBA” means the National Association of State Boards
4 of Accountancy, or its successor;

5 (13) “PCAOB” means the Public Company Accounting Oversight
6 Board, or its successor;

7 ~~(12)~~(14) “Practice of public accounting” means the performance
8 of attest services as defined in this section or the performance of
9 professional services while using the title or designation certified public
10 accountant, public accountant, CPA, PA, accountant, or auditor;

11 ~~(13)~~(15) “Professional services” means services arising out of
12 or related to the specialized knowledge or skills performed by certified
13 public accountants or public accountants;

14 ~~(14)~~(16) “Shareholder” means either:

15 (A) The person in whose name shares are registered in the
16 records of a corporation; or

17 (B) The beneficial owner of shares of a revocable living
18 trust where the shares are registered in the records of the corporation in
19 the name of the revocable living trust; and

20 ~~(15)~~(17) “State” means any state, territory, or insular
21 possession of the United States or the District of Columbia.

22 (b) The statements on standards specified in subdivision (a)(2) of
23 this section shall be:

24 ~~(1) adopted~~ Adopted by reference by rule of the board ~~pursuant to~~
25 ~~rulemaking, and shall be~~

26 ~~(2) those~~ Those developed for general application by recognized national
27 accountancy organizations such as the American Institute of Certified Public
28 Accountants.

29
30 SECTION 2. Arkansas Code § 17-12-106(b), concerning the unlawful use
31 of the certified public accountant designation, is amended to read as
32 follows:

33 (b) No firm shall assume or use the title or designation “certified
34 public accountant” or the abbreviation “CPA” or any other title, designation,
35 words, letters, abbreviation, sign, card, or device tending to indicate that
36 the firm is composed of certified public accountants unless the firm is

1 currently registered under ~~§ 17-12-401~~ § 17-12-401(a)(1) and all offices of
 2 the firm in this state for the practice of public accounting are currently
 3 maintained and registered as required under § 17-12-403.

4
 5 SECTION 3. Arkansas Code § 17-12-106(i)(1), concerning the unlicensed
 6 use of the term "accountant" or "auditor", is amended to read as follows:

7 (i)(1) No person not currently licensed pursuant to
 8 § 17-12-301 et seq., and no firm not currently ~~licensed~~ registered pursuant
 9 to § 17-12-401 et seq., shall hold himself or herself or itself out to the
 10 public as an "accountant" or "auditor" by use of either or both of such words
 11 on any sign, card, electronic transmission, or letterhead or in any
 12 advertisement or directory without indicating thereon or therein that the
 13 person or firm does not hold such a license.

14
 15 SECTION 4. Arkansas Code § 17-12-106(k), concerning a licensee's
 16 recommendation or referral for a commission, is amended to read as follows:

17 (k)(1)(A) A licensee shall not for a commission recommend or refer to
 18 a client ~~any~~ a product or service, or for a commission recommend or refer ~~any~~
 19 a product or service to be supplied by a client, or receive a commission when
 20 the licensee or the licensee's firm also performs for that client:

- 21 (i) An audit or review of a financial statement;
- 22 (ii) A compilation of a financial statement when the
 23 licensee expects, or reasonably might expect, that a third party will use the
 24 financial statement and the licensee's compilation report does not disclose a
 25 lack of independence; ~~or~~
- 26 (iii) An examination of prospective financial
 27 information; or
- 28 (iv) An engagement to be performed in accordance
 29 with PCAOB standards.

30 (B) This prohibition applies during the period in which
 31 the licensee is engaged to perform any of the services listed in subdivision
 32 (k)(1)(A) of this section and the period covered by any historical financial
 33 statements involved in such listed services.

34 (2) A licensee who is not prohibited by this section from
 35 performing services for or receiving a commission and who is paid or expects
 36 to be paid a commission shall disclose that fact to ~~any~~ a person or entity to

1 whom the licensee recommends or refers a product for service to which the
2 commission relates.

3 (3) ~~Any~~ A licensee who accepts a referral fee for recommending
4 or referring any service of a licensee to ~~any~~ a person or entity or who pays
5 a referral fee to obtain a client shall disclose the acceptance or payment to
6 the client.

7
8 SECTION 5. Arkansas Code § 17-12-106(1), concerning contingent fees of
9 a licensee, is amended to read as follows:

10 (1)(1) A licensee shall not:

11 (A) Perform for a contingent fee any professional services
12 for or receive such a fee from a client for whom the licensee or the
13 licensee's firm performs:

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

15 (ii) A compilation of a financial statement when the
16 licensee expects, or reasonably might expect, that a third party will use the
17 financial statement and the licensee's compilation report does not disclose a
18 lack of independence; ~~or~~

19 (iii) An examination of prospective financial
20 information; or

21 (iv) An engagement to be performed in accordance
22 with PCAOB standards; or

23 (B) Prepare an original or amended tax return or claim for
24 a tax refund for a contingent fee for ~~any~~ a client.

25 (2) The prohibition in subdivision (1)(1) of this section
26 applies during the period in which the licensee is engaged to perform any of
27 the services listed in subdivision (1)(1) of this section and the period
28 covered by any historical financial statements involved in any such listed
29 services.

30 (3)(A) Except as stated in subdivision (1)(3)(B) of this
31 section, a contingent fee is a fee established for the performance of any
32 service pursuant to an arrangement in which no fee will be charged unless a
33 specified finding or result is attained or in which the amount of the fee is
34 otherwise dependent upon the finding or result of the service.

35 (B) Solely for purposes of this section, fees are not
36 regarded as being contingent if fixed by courts or other public authorities

1 or, in tax matters, if determined based on the results of judicial
2 proceedings or the findings of governmental agencies.

3 (C) A licensee's fees may vary depending, for example, on
4 the complexity of services rendered.

5
6 SECTION 6. Arkansas Code § 17-12-106 is amended to add additional
7 subsections to read as follows:

8 (m) A firm that is not registered under § 17-12-401 and does not have
9 an office in this state to provide professional services in this state does
10 not violate this section if the firm complies with § 17-12-401(b)(2) or § 17-
11 12-401(b)(3).

12 (n) For purposes of this section:

13 (1) "Licensee" includes an individual using practice privileges
14 under § 17-12-311 on an equal basis; and

15 (2) A reference to a firm registered under § 17-12-401 et seq.
16 includes a firm exempt from registration and practicing under §§ 17-12-
17 401(b)(2) and 17-12-401(b)(3).

18
19 SECTION 7. Arkansas Code § 17-12-311 is amended to read as follows:
20 17-12-311. Substantial equivalency.

21 (a)(1) An individual whose principal place of business is not in this
22 state and who holds ~~having~~ a valid ~~certificate or~~ license as a certified
23 public accountant from ~~any a~~ a state which the NASBA National Qualification
24 Appraisal Service has verified to be in substantial equivalence with the CPA
25 licensure requirements of the AICPA/NASBA Uniform Accountancy Act;

26 (A) shall ~~shall~~ be presumed to have qualifications
27 substantially equivalent to this state's requirements; ~~and~~

28 (B) shall ~~shall~~ have all the privileges of ~~certificate~~
29 ~~holders and~~ licensees of this state without the need to obtain a certificate
30 under § 17-12-301 or § 17-12-308 or a license under § 17-12-313 or § 17-12-
31 501; and ~~However, such an individual shall notify the Arkansas State Board of~~
32 ~~Public Accountancy of his or her intent to practice in this state under this~~
33 ~~provision. The board may charge a fee for such a notification in an amount to~~
34 ~~be determined by board rule. Any such individual having a valid certificate~~
35 ~~or license as a certified public accountant from a state other than Arkansas~~
36 ~~at the time the state receives its notice of substantial equivalency from the~~

1 ~~National Association of State Boards of Accountancy shall be eligible to~~
 2 ~~exercise the privileges granted under this subdivision (a)(1).~~

3 (C) May offer or render professional services in person,
 4 by mail, by telephone, or by electronic means without notifying the Arkansas
 5 State Board of Public Accountancy or paying a fee.

6 (2)(A) An individual whose principal place of business is not in
 7 this state ~~and who holds~~ ~~having~~ a valid ~~certificate or~~ license as a certified
 8 public accountant from ~~any a~~ state which the NASBA National Qualification
 9 Appraisal Service has not verified to be in substantial equivalence with the
 10 CPA licensure requirements of the AICPA/NASBA Uniform Accountancy Act:

11 (i) shall ~~Shall~~ be presumed to have qualifications
 12 substantially equivalent to ~~this state's requirements~~ the requirements of
 13 this state;

14 (ii) and shall ~~Shall~~ have all the privileges of
 15 ~~certificate holders and~~ licensees of this state without the need to obtain a
 16 certificate under § 17-12-301 or § 17-12-308 or a license under § 17-12-313
 17 or § 17-12-501 if ~~such an~~ the individual obtains from the NASBA National
 18 Qualification Appraisal Service verification that the individual's CPA
 19 qualifications are substantially equivalent to the CPA licensure requirements
 20 of the AICPA/NASBA Uniform Accountancy Act; and

21 (iii) May offer or render professional services,
 22 whether in person, by mail, by telephone, or by electronic means without
 23 notifying the board or paying a fee. ~~However, the individual shall notify~~
 24 ~~the board of his or her intent to practice in this state under this~~
 25 ~~provision. The board may charge a fee for such notification in an amount to~~
 26 ~~be determined by board rule.~~

27 (B) An individual who passed the Uniform CPA Examination
 28 and holds a valid license issued by any other state prior to January 1, 2012,
 29 may be exempt from the education requirement in § 17-12-302 for purposes of
 30 this subdivision (a)(2).

31 (3) ~~Any~~ An individual licensee of another state exercising the
 32 privilege afforded under this section and the firm which employs that
 33 individual licensee hereby consents consent and agree, as a condition of the
 34 grant exercise of this privilege to:

35 (A) ~~To the~~ The personal and subject matter jurisdiction
 36 and disciplinary authority of the board;

1 (B) ~~To comply~~ Comply with this chapter and the board's
2 rules; ~~and~~

3 (C) Cease offering or rendering professional services in
4 this state individually and on behalf of a firm if the license from the state
5 of the individual's principal place of business is no longer valid; and

6 ~~(C)(D) To the~~ The appointment of the board ~~which that~~
7 issued his or her license as his or her agent upon whom process may be served
8 in ~~any an~~ an action or proceeding by ~~this board~~ the Arkansas State Board of
9 Public Accountancy against the licensee.

10 (4) An individual who qualifies for practice privileges under
11 this section may perform the following services for a client with its home
12 office in this state only through a firm that has registered under § 17-12-
13 401:

14 (A) A financial statement audit or other engagement to be
15 performed in accordance with the "Statements on Auditing Standards";

16 (B) An examination of prospective financial information to
17 be performed in accordance with "Statements on Standards for Attestation
18 Engagements"; or

19 (C) An engagement to be performed in accordance with PCAOB
20 standards.

21 (b) A licensee of this state offering or rendering services or using
22 his or her CPA title in another state shall be subject to disciplinary action
23 in this state for an act committed in another state for which the licensee
24 would be subject to discipline for an act committed in the other state.

25 (c) The board may investigate any complaint made by the board of
26 accountancy of another state.

27
28 SECTION 8. Arkansas Code § 17-12-401 is amended to read as follows:

29 17-12-401. Professional partnerships, corporations, ~~and~~ limited
30 liability companies, and sole proprietorships of certified public
31 accountants.

32 (a) The board shall grant or renew a registration as a CPA firm to an
33 applicant that meets the qualifications of this section.

34 (b)(1) A firm shall hold a registration under this section if the
35 firm:

36 (A) Has an office in this state:

1 (i) Engaged in the practice of public accounting; or
 2 (ii) That uses the title "CPA" or "CPA firm"; or
 3 (B) Does not have an office in this state but performs
 4 attest services described in § 17-12-103(a)(2)(A), § 17/12/103(a)(2)(C), or §
 5 17-12-103(a)(2)(D) for a client having its home office in this state.

6 (2) A firm that does not have an office in this state may
 7 perform services under § 17-12-103(a)(2)(B) or § 17-12-103(a)(6) for a client
 8 having its home office in this state and may use the title "CPA" or CPA firm"
 9 without registering under this section only if the firm:

10 (A) Meets the applicable qualifications of this section
 11 and § 17-12-507; and

12 (B) Performs the services through an individual with
 13 practice privileges under § 17-12-311.

14 (3) A firm that is not subject to the requirements of
 15 subdivision (b)(1)(B) or subdivision (b)(2) of this section may perform other
 16 professional services while using the title "CPA" or "CPA firm" in this state
 17 without registering under this section only if the firm:

18 (A) Performs the services through an individual with
 19 practice privileges under § 17-12-311; and

20 (B) Can lawfully perform the services in the state where
 21 the individuals with practice privileges have their principal place of
 22 business.

23 ~~(a)~~(c) If required to register under subdivision (b)(1)(A) of this
 24 section:

25 (1) A partnership engaged in this state in the practice of
 26 public accounting shall register with the Arkansas State Board of Public
 27 Accountancy as a partnership of certified public accountants, ~~provided it~~
 28 ~~meets~~ and meet the following requirements:

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

31 ~~(2)~~(B) Each resident manager in charge of an office of the
 32 partnership in this state ~~must~~ shall be a certified public accountant of this
 33 state in good standing;

34 ~~(b)~~(2) A corporation engaged in this state in the practice of
 35 public accounting shall register with the board as a corporation of certified
 36 public accountants, ~~provided it meets~~ and meet the following requirements:

1 ~~(1)~~(A) Any officer or director of the corporation having
2 authority over the practice of public accounting by the corporation in this
3 state ~~must~~ shall be a certified public accountant of some state in good
4 standing;

5 ~~(2)~~(B) At least one (1) shareholder of the corporation
6 ~~must~~ shall be a certified public accountant of this state in good standing;

7 ~~(3)~~(C) Each resident manager in charge of an office of the
8 corporation in this state ~~must~~ shall be a certified public accountant of this
9 state in good standing; and

10 ~~(4)~~(D) The corporation ~~must~~ shall be in compliance with
11 other regulations pertaining to corporations practicing public accounting in
12 this state that the board may prescribe-;

13 ~~(e)~~(3) A limited liability company engaged in this state in the
14 practice of public accounting shall register with the board as a limited
15 liability company of certified public accountants, ~~provided it meets~~ and meet
16 the following requirements:

17 ~~(1)~~(A) Any manager, member, officer, or director of the
18 limited liability company having authority over the practice of public
19 accounting by the limited liability company in this state ~~must~~ shall be a
20 certified public accountant of some state in good standing;

21 ~~(2)~~(B) At least one (1) member of the limited liability
22 company ~~must~~ shall be a certified public accountant of this state in good
23 standing;

24 ~~(3)~~(C) Each resident manager in charge of an office of the
25 limited liability company in this state ~~must~~ shall be a certified public
26 accountant of this state in good standing; and

27 ~~(4)~~(D) The limited liability company ~~must~~ shall be in
28 compliance with other regulations pertaining to limited liability companies
29 practicing public accounting in this state that the board may prescribe-; and

30 (4) A certified public accountant operating as a sole
31 proprietorship and engaged in this state in the practice of public accounting
32 shall register with the board as a sole proprietor if registration is
33 required under subdivision (b)(1) of this section and shall comply with the
34 requirements of § 17-12-403.

35 (d)(1) Application for registration ~~must~~ shall be made upon the
36 affidavit of a general partner, shareholder, or member who is a certified

1 public accountant of this state in good standing or, if registration is
 2 required under subdivision (b)(1)(B) of this section, a licensee of another
 3 state who meets the requirements set forth in § 17-12-311.

4 (2) An individual who has practice privileges under § 17-12-311
 5 and performs services for which registration is required under § 17-12-
 6 311(a)(4) shall not be required to obtain a license from this state under §
 7 17-12-301.

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

10 ~~(f) A firm which is so registered may use the words "certified public~~
 11 ~~accountants" or the abbreviation "CPAs" in connection with its partnership,~~
 12 ~~corporate, or limited liability company name.~~

13 ~~(g)~~(f) Notification shall be given to the board within one (1) month
 14 after the admission or withdrawal of a partner, shareholder, or member from
 15 any firm so registered.

16 ~~(h)~~(g) Any firm registered ~~pursuant to~~ under this section may include
 17 non-licensee owners or public accountants who hold a valid license under §
 18 17-12-312, provided that:

19 (1) A majority of the ownership of the firm in terms of
 20 financial interests and voting rights of all partners, officers, directors,
 21 shareholders, members, or managers belongs to holders of certificates who are
 22 licensed in some state, and such partners, officers, directors, shareholders,
 23 members, or managers whose principal place of business is in this state and
 24 who perform professional services in this state hold a valid certificate
 25 issued under § 17-12-301 et seq. or the corresponding provisions of prior
 26 law;

27 (2) The firm designates a licensee of this state or, in the case
 28 of a firm that must be registered under subdivision (b)(1)(B) of this
 29 section, a licensee of another state who meets the requirements of § 17-12-
 30 311, who is responsible for the proper registration of the firm and
 31 identifies that individual to the board;

32 (3) All nonlicensee owners are active individual participants in
 33 the firm or other entities affiliated with the firm; and

34 (4) The firm complies with such other requirements as the board
 35 may impose by rule.

36 ~~(i)(1)(A) Any partnership, corporation, or limited liability company~~

1 ~~licensed to practice public accountancy by another state which is in good~~
 2 ~~standing and is determined to be in substantial compliance with the~~
 3 ~~AICPA/NASBA Uniform Accountancy Act but does not have at least one (1)~~
 4 ~~general partner, shareholder, or member who is a certified public accountant~~
 5 ~~of this state in good standing, may apply for registration under this section~~
 6 ~~contemporaneously with an application by a general partner, shareholder, or~~
 7 ~~member to be licensed as a certified public accountant in this state.~~

8 ~~(2) The application for registration of the firm shall be~~
 9 ~~upon the affidavit of the applicant to be licensed as a certified public~~
 10 ~~accountant of this state.~~

11 ~~(2)(A) Upon review and a preliminary determination that the~~
 12 ~~applicant qualifies for registration as a certified public accountant firm~~
 13 ~~under this section, except that the firm does not have at least one (1)~~
 14 ~~general partner, shareholder, or member who is a certified public accountant~~
 15 ~~of this state, the board shall notify the applicant in writing of receipt of~~
 16 ~~its application and that the applicant shall have the privilege to practice~~
 17 ~~public accountancy in this state for a period of ninety (90) days in order to~~
 18 ~~permit the general partner, shareholder, or member to complete the~~
 19 ~~application process.~~

20 ~~(B) The board may extend the ninety day practice privilege~~
 21 ~~period for one (1) additional thirty day period upon the applicant's written~~
 22 ~~request and demonstration that the failure of the general partner,~~
 23 ~~shareholder, or member to complete the application process is beyond the~~
 24 ~~control of the applicant firm and certified public accountant.~~

25 ~~(3) The fees paid to apply for registration of the applicant~~
 26 ~~firm and licensure of the general partner, shareholder, or member for~~
 27 ~~registration shall not be refundable.~~

28 ~~(4) While exercising the practice privilege during the~~
 29 ~~application process, each applicant shall comply with this chapter and board~~
 30 ~~rules, and each applicant firm, general partner, shareholder, and member~~
 31 ~~shall be subject to the provisions of § 17-12-601 et seq.~~

32
 33 SECTION 9. Arkansas Code § 17-12-402 is amended to read as follows:

34 17-12-402. Professional partnerships, corporations, sole
 35 proprietorships, and limited liability companies of public accountants.

36 (a) A partnership engaged in this state in the practice of public

1 accounting shall register with the Arkansas State Board of Public Accountancy
2 as a partnership of public accountants, provided it meets the following
3 requirements:

4 (1) At least one (1) general partner ~~must~~ shall be a certified
5 public accountant or a public accountant of this state in good standing; and

6 (2) Each resident manager in charge of an office of the
7 partnership in this state ~~must~~ shall be a certified public accountant or a
8 public accountant of this state in good standing.

9 (b) A corporation engaged in this state in the practice of public
10 accounting shall register with the board as a corporation of public
11 accountants, provided it meets the following requirements:

12 (1) ~~Any~~ An officer or director of the corporation having
13 authority over the practice of public accounting by the corporation ~~must~~
14 shall be a certified public accountant or a public accountant of this state
15 in good standing;

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

19 (3) The corporation ~~must~~ shall be in compliance with other
20 regulations pertaining to corporations practicing public accounting in this
21 state that the board may prescribe.

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

25 (1) Any manager, member, officer, or director of the limited
26 liability company having authority over the practice of public accounting by
27 the limited liability company ~~must~~ shall be a public accountant or certified
28 public accountant of this state in good standing;

29 (2) Each resident manager in charge of an office of the limited
30 liability company ~~must~~ shall be a certified public accountant or a public
31 accountant of this state in good standing; and

32 (3) The limited liability company ~~must~~ shall be in compliance
33 with other regulations pertaining to the limited liability companies
34 practicing public accounting in this state that the board may prescribe.

35 (d) A public accountant operating as a sole proprietorship and engaged
36 in this state in the practice of public accounting shall:

1 (1) Register with the board as a sole proprietor; and

2 (2) Comply with the requirements of § 17-12-403.

3 ~~(d)~~(e) Applications for registration ~~must~~ shall be made upon the
4 affidavit of a general partner, shareholder, or member who is licensed in
5 this state as a certified public accountant or as a public accountant.

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

8 ~~(f)~~(g) A firm which is so registered may use the words “public
9 accountants” in connection with its firm.

10 ~~(g)~~(h) Notification shall be given to the board within one (1) month
11 after the admission to or withdrawal of a partner, shareholder, or member
12 from any partnership, corporation, or limited liability company so
13 registered.

14 ~~(h)~~(i) ~~Any~~ A firm registered pursuant to this section may include
15 nonlicensee owners, provided that:

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

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

22 (3) All nonlicensee owners are active individual participants in
23 the firm; and

24 (4) The firm complies with such other requirements as the board
25 may impose by rule.

26
27 SECTION 10. Arkansas Code § 17-12-602(a), concerning sanctions, is
28 amended to read as follows:

29 (a) If a licensee or holder of a practice privilege under ~~§ 17-12-~~
30 ~~401(i)~~ § 17-12-311 is found to have committed ~~any~~ an action or omission
31 identified in § 17-12-601, the Arkansas State Board of Public Accountancy may
32 impose any one (1) or more of the following sanctions:

33 (1) Suspension, revocation, or denial of his or her license or
34 practice privilege or the renewal thereof;

35 (2) A penalty not to exceed one thousand dollars (\$1,000) for
36 each violation;

