

1 State of Arkansas
2 95th General Assembly
3 Regular Session, 2025
4

A Bill

SENATE BILL 432

5 By: Senator J. Petty
6 By: Representative Warren
7

For An Act To Be Entitled

9 AN ACT TO AMEND THE LAW CONCERNING ACCOUNTANTS; TO
10 AMEND THE DEFINITION OF SUBSTANTIAL EQUIVALENCY FOR
11 THE PRACTICE OF ACCOUNTANCY; AND FOR OTHER PURPOSES.
12
13

Subtitle

15 TO AMEND THE LAW CONCERNING ACCOUNTANTS;
16 AND TO AMEND THE DEFINITION OF
17 SUBSTANTIAL EQUIVALENCY FOR THE PRACTICE
18 OF ACCOUNTANCY.
19

20 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
21

22 SECTION 1. Arkansas Code § 17-12-306(d), concerning examination fees
23 for the initial licensure of an accountant, is amended to read as follows:

24 (d)(1) The Except as provided under subdivision (d)(2) of this
25 section, the applicable fees payable pursuant to this section shall be paid
26 by the applicant at the time he or she applies for examination or
27 reexamination.

28 (2) An applicant eligible for a program of the board in which
29 the board waives or assumes any applicable examination fees is not required
30 to pay a fee at the time he or she applies for examination or reexamination
31 under subdivision (d)(1) of this section.
32

33 SECTION 2. The introductory language of Arkansas Code § 17-12-308(a),
34 concerning reciprocity for the licensure of an accountant, is amended to read
35 as follows:

36 (a) ~~With regard to applicants that do not qualify for reciprocity~~



1 ~~under the substantial equivalency standard set out in § 17-12-311, the~~ The
 2 Arkansas State Board of Public Accountancy shall issue a certificate as a
 3 certified public accountant to a holder of a certificate, license, or permit
 4 issued by another state upon a showing that:

5
 6 SECTION 3. Arkansas Code § 17-12-309(a), concerning experience
 7 requirements for the initial issuance of a certificate for an accountant, is
 8 amended to read as follows:

9 (a) An applicant for initial issuance of a certificate under this
 10 subchapter shall show that the applicant has had at least one (1) year of
 11 experience.

12
 13 SECTION 4. Arkansas Code § 17-12-311 is amended to read as follows:
 14 17-12-311. Substantial equivalency.

15 ~~(a)(1) An individual whose principal place of business is not in this~~
 16 ~~state and who holds a valid license as a certified public accountant from a~~
 17 ~~state which the NASBA National Qualification Appraisal Service has verified~~
 18 ~~to be in substantial equivalence with the CPA licensure requirements of the~~
 19 ~~AICPA/NASBA Uniform Accountancy Act: To promote the professional practice of~~
 20 ~~accountancy within and outside the State of Arkansas, the Arkansas State~~
 21 ~~Board of Public Accountancy may:~~

22 ~~(A)(1) Shall be presumed to have qualifications~~
 23 ~~substantially equivalent to this state's requirements; Determine substantial~~
 24 ~~equivalency requirements and provide the parameters encompassing substantial~~
 25 ~~equivalency; and~~

26 ~~(B)(2) Shall have all the privileges of licensees of this~~
 27 ~~state without the need to obtain a certificate under § 17-12-301 or § 17-12-~~
 28 ~~308 or a license under § 17-12-313 or § 17-12-501; and Promulgate any rules~~
 29 ~~necessary to define or promote substantial equivalency and provide the~~
 30 ~~parameters encompassing substantial equivalency.~~

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

34 ~~(2)(A) An individual whose principal place of business is not in~~
 35 ~~this state and who holds a valid license as a certified public accountant~~
 36 ~~from a state which the NASBA National Qualification Appraisal Service has not~~

1 ~~verified to be in substantial equivalence with the CPA licensure requirements~~
2 ~~of the AICPA/NASBA Uniform Accountancy Act:~~

3 ~~(i) Shall be presumed to have qualifications~~
4 ~~substantially equivalent to the requirements of this state;~~

5 ~~(ii) Shall have all the privileges of licensees of~~
6 ~~this state without the need to obtain a certificate under § 17-12-301 or §~~
7 ~~17-12-308 or a license under § 17-12-313 or § 17-12-501 if the individual~~
8 ~~obtains from the NASBA National Qualification Appraisal Service verification~~
9 ~~that the individual's CPA qualifications are substantially equivalent to the~~
10 ~~CPA licensure requirements of the AICPA/NASBA Uniform Accountancy Act; and~~

11 ~~(iii) May offer or render professional services,~~
12 ~~whether in person, by mail, by telephone, or by electronic means without~~
13 ~~notifying the board or paying a fee.~~

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

18 ~~(3) An individual licensee of another state exercising the~~
19 ~~privilege afforded under this section and the firm that employs that~~
20 ~~individual licensee consent and agree, as a condition of the exercise of this~~
21 ~~privilege to:~~

22 ~~(A) The personal and subject matter jurisdiction and~~
23 ~~disciplinary authority of the board;~~

24 ~~(B) Comply with this chapter and the board's rules;~~

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

28 ~~(D) The appointment of the board that issued his or her~~
29 ~~license as his or her agent upon whom process may be served in an action or~~
30 ~~proceeding by the board against the licensee.~~

31 ~~(4) An individual who qualifies for practice privileges under~~
32 ~~this section may perform the following services for a client with its home~~
33 ~~office in this state only through a firm that has registered under § 17-12-~~
34 ~~401:~~

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

1 ~~(B) An examination of prospective financial information to~~
 2 ~~be performed in accordance with "Statements on Standards for Attestation~~
 3 ~~Engagements"; or~~

4 ~~(C) An engagement to be performed in accordance with PCAOB~~
 5 ~~standards.~~

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

10 ~~(c) The board may investigate any complaint made by the board of~~
 11 ~~accountancy of another state.~~

12
 13 SECTION 5. Arkansas Code § 17-12-504(g), concerning the reinstatement
 14 of a lapsed accountant license, is amended to read as follows:

15 ~~(g)(1) Upon application received within three (3) years following the~~
 16 ~~expiration on or before July 1 following the lapse of a license, the board~~
 17 ~~may reinstate a lapsed~~ the license. if the applicant:

18 ~~(2) A license may be reinstated if the applicant:~~

19 ~~(A)(1) Pays a reinstatement fee determined by the board;~~
 20 and

21 ~~(B)(2) Complies with continuing professional education and~~
 22 ~~any other requirements applicable to:~~ the reinstatement of the license on or
 23 before the date of the application for reinstatement.

24 ~~(i) The renewal of the license at the date of its~~
 25 ~~expiration; and~~

26 ~~(ii) The reinstatement of the license at the date of the~~
 27 ~~application for reinstatement.~~

28
 29 SECTION 6. Arkansas Code § 17-12-504(h), concerning the revocation of
 30 a lapsed accountant license, is amended to read as follows:

31 ~~(h)(1) Any license or registration that is not reinstated within three~~
 32 ~~(3) years following expiration shall be void~~ for which a reinstatement
 33 application has not been received on or before July 1 following the lapse of
 34 a license shall, after notice and a hearing, be revoked by the board and
 35 shall not be subject to renewal or reinstatement.

36 (2) The holder of a ~~void~~ revoked license or registration may

1 apply for a new license or registration under § 17-12-301 et seq. or § 17-12-
2 401 et seq.

3 (3) The board may require the applicant to comply with
4 educational or other requirements deemed appropriate by the board, including
5 successful completion of the examination identified in § 17-12-304 in order
6 to obtain a new license.

7
8 SECTION 7. Arkansas Code § 17-12-507 is amended to read as follows:

9 17-12-507. ~~Quality review of each practice unit.~~ Practice review.

10 (a) The Arkansas State Board of Public Accountancy may by rule require
11 as a condition for the renewal of a license a ~~quality practice~~ practice review of ~~each~~
12 ~~practice unit maintained~~ every certified public accountant and firm licensed
13 in this state.

14 (b)~~(1)~~ The practice review shall identify any type of report issued by
15 a licensee including without limitation:

16 (1) Compilation services; or

17 (2) Attest services as defined under § 17-12-103.

18 (c) The practice review shall be conducted annually on one-third (1/3)
19 of the active licensees on a rotating basis.

20 (d)(1) A licensee that is selected for a practice review and whose
21 highest level of report issuance is a compilation report shall also be
22 subject to a quality review.

23 (2) The board may charge the ~~accountant or firm reviewed~~ licensee
24 a fee for ~~each~~ a:

25 (A) Quality review of each practice unit; and

26 (B) Follow-up action to a quality review that is not in
27 conformity with applicable professional standards.

28 (3) The amount of the fee shall be established by board rule.

29 (4) The licensee shall submit the latest report issued after the
30 date of his or her last quality review submission for each type of
31 compilation report.

32 (5) A person acting on behalf of the board in a quality review
33 program under this section shall be an officer or employee of the State of
34 Arkansas for the purpose of:

35 (A) Immunity from civil liability under § 19-10-301 et
36 seq.; and

1 (B) Payment of actual damages on behalf of state officers
 2 or employees under § 21-9-201 et seq.

3 (6)(A) Except as provided under subdivision (d)(6)(B) of this
 4 section, all financial statements, working papers, and other documents
 5 obtained from an applicant for quality review shall be confidential and shall
 6 not be subject to public inspection, including without limitation documents
 7 exempt under the Freedom of Information Act of 1967, § 25-19-101 et seq.

8 (B) A document under subdivision (d)(6)(A) of this section
 9 may be:

10 (i) Disclosed pursuant to a court order; or
 11 (ii) Introduced as evidence in a relevant proceeding
 12 before the board.

13 (e) A peer review shall be obtained by a licensee who issues a report
 14 identified under subdivision (b)(2) of this section.

15 (f)(1)(A) Notwithstanding any provision to the contrary in this
 16 chapter, a certified public accountant or firm of certified public
 17 accountants currently licensed by another state or a foreign country shall
 18 not be required to obtain a license under this chapter for the purpose of
 19 conducting a peer review of a licensee in this state as defined by board
 20 rule.

21 (B) A certified public accountant or firm of certified
 22 public accounts under subdivision (f)(1)(A) of this section may use the
 23 applicable title of "certified public accountant" or the abbreviation "CPA"
 24 only in conjunction with the peer review activities identified under
 25 subdivision (f)(1)(A) of this section.

26 (2) A certified public accountant or firm of certified public
 27 accountants licensed in this state or in another jurisdiction shall meet the
 28 standards adopted by the board to accomplish the goals of this chapter in
 29 order to perform a peer review of a licensee under this chapter.

30 ~~(c)(1) The quality review shall consist of either a uniform or random~~
 31 ~~annual submission by each licensee of the following kinds of reports issued~~
 32 ~~by that licensee during the twelve month period immediately preceding the~~
 33 ~~date of submission, if reports were issued during the period:~~

34 ~~(A) A compilation report;~~

35 ~~(B) A review report;~~

36 ~~(C) An agreed upon procedures report;~~

1 ~~(D) An audit report;~~

2 ~~(E) An audit report under a federal grant program or other~~
3 ~~government program; and~~

4 ~~(F) An examination of prospective financial information.~~

5 ~~(2) If none of the above reports were issued during the twelve~~
6 ~~(12) months immediately preceding the date of submission, a licensee is~~
7 ~~required to submit reports issued since the date of its last quality review~~
8 ~~survey submission.~~

9 ~~(d) All persons acting on behalf of the board in a quality review~~
10 ~~program under this section shall be considered officers or employees of the~~
11 ~~State of Arkansas for purposes of:~~

12 ~~(1) Immunity from civil liability pursuant to § 19-10-301 et~~
13 ~~seq.; and~~

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

16 ~~(e) All financial statements, working papers, or other documents~~
17 ~~obtained from applicants for quality review shall be confidential and shall~~
18 ~~not be subject to public inspection except pursuant to an order of a court of~~
19 ~~competent jurisdiction. However, the documents may be introduced as evidence~~
20 ~~in any relevant proceedings before the board.~~

21 ~~(f) For purposes of this section, a "practice unit" shall be deemed to~~
22 ~~be any firm registered with the board under § 17-12-401 et seq., and any~~
23 ~~licensee not employed by or associated with any firm registered with the~~
24 ~~board under § 17-12-401 et seq. but who has issued one (1) or more~~
25 ~~compilation reports.~~

26 ~~(g)(1) Notwithstanding any provision to the contrary in this chapter,~~
27 ~~a certified public accountant, public accountant, or firm of certified public~~
28 ~~accountants or public accountants currently licensed by another state or~~
29 ~~foreign country shall not be required to obtain a license under this chapter~~
30 ~~for the sole purpose of conducting peer review as defined by board rule of a~~
31 ~~licensee in this state and may use the applicable title "certified public~~
32 ~~accountant" or "public accountant" or abbreviation "CPA" or "PA" solely in~~
33 ~~conjunction with the peer review activities.~~

34 ~~(2) Any certified public accountant, public accountant, or firm~~
35 ~~of certified public accountants or public accountants, whether licensed in~~
36 ~~this state or in another jurisdiction, shall meet standards adopted by the~~

1 ~~board to accomplish the goals of this chapter in order to qualify to perform~~
2 ~~peer review of licensees under this chapter.~~

3 ~~(h) Effective January 1, 2019, licensees that are required to enroll~~
4 ~~in peer review under § 17-12-508 are exempt from the requirements of this~~
5 ~~section and the rules of the board implementing this section.~~

6 ~~(i) The requirements of subdivisions (c)(1)(B)-(F) of this section~~
7 ~~expire on December 31, 2018.~~

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