

Senate Engrossed House Bill

**FILED**  
**KEN BENNETT**  
**SECRETARY OF STATE**

State of Arizona  
House of Representatives  
Fifty-first Legislature  
First Regular Session  
2013

CHAPTER 136

**HOUSE BILL 2260**

AN ACT

AMENDING SECTIONS 32-701, 32-703, 32-721 AND 32-723, ARIZONA REVISED STATUTES; REPEALING SECTION 32-724, ARIZONA REVISED STATUTES; AMENDING SECTION 32-725, ARIZONA REVISED STATUTES; REPEALING SECTION 32-726, ARIZONA REVISED STATUTES; AMENDING SECTIONS 32-729 AND 32-730, ARIZONA REVISED STATUTES; AMENDING TITLE 32, CHAPTER 6, ARTICLE 2, ARIZONA REVISED STATUTES, BY ADDING SECTIONS 32-730.01, 32-730.02, 32-730.03 AND 32-730.04; AMENDING SECTIONS 32-731, 32-732 AND 32-741, ARIZONA REVISED STATUTES; RENUMBERING SECTION 32-741.01, ARIZONA REVISED STATUTES, AS SECTION 32-741.04; AMENDING TITLE 32, CHAPTER 6, ARTICLE 3, ARIZONA REVISED STATUTES, BY ADDING A NEW SECTION 32-741.01 AND SECTIONS 32-741.02 AND 32-741.03; AMENDING SECTION 32-741.04, ARIZONA REVISED STATUTES, AS RENUMBERED BY THIS ACT; AMENDING SECTIONS 32-742, 32-747 AND 32-747.01, ARIZONA REVISED STATUTES; REPEALING SECTION 32-748, ARIZONA REVISED STATUTES; RELATING TO CERTIFIED PUBLIC ACCOUNTANTS.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Section 32-701, Arizona Revised Statutes, is amended to  
3 read:

4 32-701. Definitions

5 In this chapter, unless the context otherwise requires:

6 1. "ACCOUNTING SERVICES" MEANS SERVICES THAT ARE COMMONLY AND  
7 HISTORICALLY PERFORMED BY ACCOUNTANTS, INCLUDING RECORDING OR SUMMARIZING  
8 FINANCIAL TRANSACTIONS, BOOKKEEPING, ANALYZING OR VERIFYING FINANCIAL  
9 INFORMATION, AUDITING, REVIEWING OR COMPILING FINANCIAL STATEMENTS, REPORTING  
10 FINANCIAL RESULTS, FINANCIAL PLANNING AND PROVIDING ATTESTATION, TAX OR  
11 CONSULTING SERVICES.

12 ~~1.~~ 2. "Accredited institution" means any public or private regionally  
13 or nationally accredited college or university that is accredited by an  
14 organization recognized by the council for higher education accreditation or  
15 its successor agency.

16 3. "ATTEST SERVICES" MEANS THE FOLLOWING SERVICES THAT ARE RENDERED BY  
17 THE HOLDER OF A CERTIFICATE ISSUED BY THE BOARD:

18 (a) AUDITS OR OTHER ENGAGEMENTS PERFORMED IN ACCORDANCE WITH THE  
19 STATEMENTS ON AUDITING STANDARDS ADOPTED BY THE AMERICAN INSTITUTE OF  
20 CERTIFIED PUBLIC ACCOUNTANTS.

21 (b) REVIEWS OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH THE  
22 STATEMENTS ON STANDARDS FOR ACCOUNTING AND REVIEW SERVICES ADOPTED BY THE  
23 AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS.

24 (c) ANY EXAMINATION OF PROSPECTIVE FINANCIAL INFORMATION TO BE  
25 PERFORMED IN ACCORDANCE WITH THE STATEMENTS ON STANDARDS FOR ATTESTATION  
26 ENGAGEMENTS ADOPTED BY THE AMERICAN INSTITUTE OF CERTIFIED PUBLIC  
27 ACCOUNTANTS.

28 (d) ANY ENGAGEMENT TO BE PERFORMED IN ACCORDANCE WITH THE STANDARDS OF  
29 THE PUBLIC COMPANY ACCOUNTING OVERSIGHT BOARD OR ITS SUCCESSOR.

30 ~~2.~~ 4. "Attestation" or "attest function" means the issuance by a  
31 registrant of a written communication that expresses a conclusion about the  
32 reliability of a written assertion that is the responsibility of another  
33 party.

34 ~~3.~~ 5. "Board" means the Arizona state board of accountancy  
35 established by section 32-702.

36 ~~4.~~ 6. "Certified public accountant" means an individual who has been  
37 issued a certificate of authority by the board to practice as a certified  
38 public accountant, ~~including an individual on inactive status~~ OR WHO MEETS  
39 THE LIMITED RECIPROCITY PRIVILEGE REQUIREMENTS PURSUANT TO SECTION 32-725.

40 7. "CLIENT" MEANS A PERSON OR ENTITY, OTHER THAN ONE'S EMPLOYER, FOR  
41 WHOM ACCOUNTING SERVICES ARE PROVIDED.

42 8. "CONSULTING SERVICES" INCLUDES MANAGEMENT ADVISORY SERVICES,  
43 LITIGATION SUPPORT SERVICES, VALUATION SERVICES AND OTHER SERVICES THAT  
44 REQUIRE THE USE OF TECHNICAL SKILLS, EDUCATION, OBSERVATION, EXPERIENCE AND

1 KNOWLEDGE TO DEVELOP AN ANALYTICAL APPROACH TO PROCESS AND TO PRESENT  
2 FINDINGS, CONCLUSIONS OR RECOMMENDATIONS.

3 ~~5-~~ 9. "Conviction" means a judgment of conviction by any state or  
4 federal court of competent jurisdiction in a criminal cause, regardless of  
5 whether an appeal is pending or could be taken, and includes any judgment or  
6 order based on a plea of no contest.

7 ~~6-~~ 10. "Disciplinary action" means any other regulatory sanctions  
8 imposed by the board in combination with, or as an alternative to, revocation  
9 or suspension of a certificate or registration, including the imposition of:

10 (a) An administrative penalty in an amount not to exceed two thousand  
11 dollars for each violation of this chapter or rules adopted pursuant to this  
12 chapter.

13 (b) Restrictions on the scope of ~~registrants'~~ THE REGISTRANT'S  
14 accounting practice, including, without limitation, restriction of audit or  
15 attest function practice, restriction of tax practice or restriction of  
16 ~~management advisory practice~~ CONSULTING SERVICES.

17 (c) Peer PRE-ISSUANCE AND POST-ISSUANCE PEER review and.

18 (d) Professional education requirements.

19 ~~(d)~~ (e) A decree of censure.

20 ~~(e)~~ (f) Probation requirements best adapted to protect the public  
21 welfare ~~that may include a requirement for restitution payments to accounting~~  
22 ~~services clients or to other persons suffering economic loss resulting from~~  
23 ~~violations of this chapter or rules adopted pursuant to this chapter.~~

24 ~~(f)~~ (g) Reimbursement of the board's costs of investigations and  
25 proceedings initiated under this chapter.

26 (h) A REQUIREMENT FOR RESTITUTION PAYMENTS TO ACCOUNTING SERVICES  
27 CLIENTS OR TO OTHER PERSONS SUFFERING ECONOMIC LOSS RESULTING FROM VIOLATIONS  
28 OF THIS CHAPTER OR RULES ADOPTED PURSUANT TO THIS CHAPTER.

29 11. "EMPLOYER" MEANS A PERSON OR ENTITY THAT HIRES AN INDIVIDUAL TO  
30 PERFORM A SERVICE AND THAT DIRECTS AND CONTROLS THE MANNER IN WHICH THE  
31 SERVICE IS PERFORMED.

32 ~~7-~~ 12. "Federal securities laws" means the securities act of 1933,  
33 the securities exchange act of 1934, the public utility holding company act  
34 of 1935 and the investment company act of 1940, as amended.

35 13. "FINANCIAL STATEMENTS":

36 (a) MEANS STATEMENTS AND FOOTNOTES RELATED TO STATEMENTS THAT PURPORT  
37 TO SHOW A FINANCIAL POSITION OR CHANGES IN A FINANCIAL POSITION IN CONFORMITY  
38 WITH GENERALLY ACCEPTED ACCOUNTING PRINCIPALS OR OTHER COMPREHENSIVE BASIS OF  
39 ACCOUNTING.

40 (b) INCLUDES BALANCE SHEETS, STATEMENTS OF INCOME, STATEMENTS OF  
41 RETAINED EARNINGS, STATEMENTS OF CASH FLOWS, STATEMENTS OF CHANGES IN AN  
42 OWNER'S EQUITY AND OTHER COMMONLY USED OR RECOGNIZED SUMMARIES OF FINANCIAL  
43 INFORMATION.

44 (c) DOES NOT INCLUDE TAX RETURNS OR INFORMATION CONTAINED IN TAX  
45 RETURNS.

1           ~~8-~~ 14. "Firm" means a business organization that is engaged in the  
2 practice of PUBLIC accounting and that is established under the laws of any  
3 state or foreign country, including a sole practitioner, partnership,  
4 professional corporation, professional limited liability company, limited  
5 liability company, limited liability partnership or any other entity  
6 recognized by the board that has met the applicable requirements contained in  
7 sections 32-731 and 32-732.

8           15. "GOOD CAUSE" MEANS FACTORS THAT TEMPORARILY PREVENT A REGISTRANT  
9 FROM SATISFYING A PARTICULAR REQUIREMENT IN A SPECIFIC INSTANCE AS DETERMINED  
10 BY THE BOARD AND MAY INCLUDE:

- 11           (a) A DISABILITY.
- 12           (b) AN ILLNESS.
- 13           (c) A PHYSICAL OR MENTAL CONDITION.
- 14           (d) MILITARY SERVICE.
- 15           (e) FINANCIAL HARDSHIP.
- 16           (f) A NATURAL DISASTER.
- 17           (g) ANY CONDITION OR CIRCUMSTANCE THAT THE BOARD DEEMS RELEVANT.

18           ~~9-~~ 16. "Letter of concern" means an advisory letter to notify a  
19 registrant that, while the evidence does not warrant disciplinary action, the  
20 board believes that the registrant should modify or eliminate certain  
21 practices and that continuation of the activities that led to the evidence  
22 being submitted to the board may result in board action against the  
23 registrant. A letter of concern is not a disciplinary action.

24           ~~10-~~ 17. "Limited reciprocity privilege" means the permission to  
25 practice as a certified public accountant in this state pursuant to section  
26 32-725 for an individual whose principal place of business is outside of this  
27 state.

28           18. "MANAGEMENT ADVISORY SERVICES" MEANS ADVISORY SERVICES CONSISTING  
29 OF THE DEVELOPMENT OF FINDINGS, CONCLUSIONS OR RECOMMENDATIONS FOR THE  
30 RECIPIENT'S CONSIDERATION AND DECISION MAKING.

31           ~~11-~~ 19. "Practice of accounting" means providing ~~any~~ accounting  
32 services, ~~including recording and summarizing financial transactions,~~  
33 ~~analyzing and verifying financial information, examining, reviewing and~~  
34 ~~reporting on financial statements, reporting financial results to an~~  
35 ~~employer, clients or other parties and rendering attestation, tax and~~  
36 ~~management advisory services to an employer, clients or other parties~~ FOR A  
37 CLIENT OR AN EMPLOYER.

38           20. "PRACTICE OF PUBLIC ACCOUNTING" MEANS PROVIDING ACCOUNTING SERVICES  
39 FOR A CLIENT BUT DOES NOT INCLUDE PROVIDING ACCOUNTING SERVICES, OTHER THAN  
40 ATTEST SERVICES OR COMPILATION SERVICES, FOR A NONPROFIT ENTITY OR A FAMILY  
41 MEMBER WITHOUT AN EXPECTATION OF AND WITHOUT RECEIVING COMPENSATION.

42           ~~12-~~ 21. "Principal place of business" means the office designated by  
43 the individual or firm as the principal location for the practice of  
44 accounting.

1       ~~13.~~ 22. "Public accountant" means an individual who has been issued a  
2 certificate of authority by the board to practice as a public  
3 accountant, ~~including an individual on inactive status.~~

4       ~~14.~~ "Reciprocity" means ~~the issuance of a certificate by the board to~~  
5 ~~an individual to practice as a certified public accountant in this state as~~  
6 ~~provided by section 32-724.~~

7       23. "REGISTRANT" MEANS ANY CERTIFIED PUBLIC ACCOUNTANT, PUBLIC  
8 ACCOUNTANT OR FIRM THAT IS REGISTERED WITH THE BOARD.

9       ~~15.~~ 24. "Related courses" means:

- 10       (a) Business administration.  
11       (b) Statistics.  
12       (c) Computer science, information systems or data processing.  
13       (d) Economics.  
14       (e) Finance.  
15       (f) Management.  
16       (g) Business law.  
17       (h) College algebra or more advanced mathematics.  
18       (i) Advanced written communication.  
19       (j) Advanced oral communication.  
20       (k) Ethics.  
21       (l) MARKETING.  
22       ~~(l)~~ (m) Other courses closely related to the subject of accounting  
23 and satisfactory to the board.

24       ~~16.~~ "Restricted financial services" means ~~the following services~~  
25 ~~rendered by the holder of a certificate issued by the board:~~

26       ~~(a) Audits or other engagements performed in accordance with the~~  
27 ~~statements on auditing standards adopted by the American institute of~~  
28 ~~certified public accountants.~~

29       ~~(b) Reviews of financial statements performed in accordance with the~~  
30 ~~statements on standards for accounting and review services adopted by the~~  
31 ~~American institute of certified public accountants.~~

32       ~~(c) Attestation engagements performed in accordance with the~~  
33 ~~statements on standards for attestation engagements adopted by the American~~  
34 ~~institute of certified public accountants.~~

35       ~~(d) The preparation and issuance of audit reports as required by the~~  
36 ~~Sarbanes-Oxley act of 2002 (P.L. 107-204; 116 Stat. 745) or the rules of the~~  
37 ~~securities and exchange commission.~~

38       Sec. 2. Section 32-703, Arizona Revised Statutes, is amended to read:

39       32-703. Powers and duties; rules; executive director; advisory  
40       committees and individuals

41       A. The primary duty of the board is to protect the public from  
42 unlawful, incompetent, unqualified or unprofessional certified public  
43 accountants or public accountants through certification, regulation and  
44 rehabilitation.

1           B. The board may:

2           1. Investigate complaints filed with the board or on its own motion to  
3 determine whether a certified public accountant or public accountant has  
4 engaged in conduct in violation of this chapter or rules adopted pursuant to  
5 this chapter.

6           2. Establish and maintain high standards of competence, independence  
7 and integrity in the practice of accounting by a certified public accountant  
8 or by a public accountant as required by generally accepted auditing  
9 standards and generally accepted accounting principles and, in the case of  
10 publicly held corporations or enterprises offering securities for sale, in  
11 accordance with state or federal securities agency accounting requirements.

12           3. Establish reporting requirements that require registrants to  
13 report:

14           (a) The imposition of any discipline on the right to practice before  
15 the federal securities and exchange commission, the internal revenue service,  
16 any state board of accountancy, other government agencies or the public  
17 company accounting oversight board.

18           (b) Any criminal conviction, any civil judgment involving negligence  
19 in the practice of accounting by a certified public accountant or by a public  
20 accountant and any judgment or order as described in section 32-741,  
21 subsection A, paragraphs 7 and 8.

22           4. Establish basic requirements for continuing professional education  
23 of certified public accountants and public accountants, except that the  
24 requirements shall not exceed eighty ~~classroom~~ hours in any registration  
25 renewal period.

26           5. Adopt procedures concerning disciplinary actions, administrative  
27 hearings and consent decisions.

28           6. Issue to qualified applicants certificates executed for and on  
29 behalf of the board by the signatures of the president and secretary of the  
30 board.

31           7. ~~Adopt procedures and rules concerning examination and grading the~~  
32 ~~examinations of individuals applying for a certificate as required by TO~~  
33 ~~ADMINISTER this chapter.~~

34           8. Require peer review pursuant to rules adopted by the board on a  
35 general and random basis of the professional work of a registrant engaged in  
36 the practice of accounting.

37           9. Subject to title 41, chapter 4, article 4, employ an executive  
38 director and other personnel that it considers necessary to administer and  
39 enforce this chapter.

40           10. Appoint accounting and auditing, tax, peer review, law,  
41 certification, continuing professional education or other committees or  
42 individuals as it considers necessary to advise or assist the board in  
43 administering and enforcing this chapter. These committees and individuals  
44 serve at the pleasure of the board.

1 11. Take all action that is necessary and proper to effectuate the  
2 purposes of this chapter.

3 12. Sue and be sued in its official name as an agency of this state.

4 13. Adopt and amend rules concerning the definition of terms, the  
5 orderly conduct of the board's affairs and the effective administration of  
6 this chapter.

7 C. The board or an authorized agent of the board may:

8 1. Issue subpoenas to compel the attendance of witnesses or the  
9 production of documents. If a subpoena is disobeyed, the board may invoke  
10 the aid of any court in requiring the attendance and testimony of witnesses  
11 and the production of documents.

12 2. Administer oaths and take testimony.

13 3. Cooperate with the appropriate authorities in other jurisdictions  
14 in investigation and enforcement concerning violations of this chapter and  
15 comparable statutes of other jurisdictions.

16 4. Receive evidence concerning all matters within the scope of this  
17 chapter.

18 Sec. 3. Section 32-721, Arizona Revised Statutes, is amended to read:

19 32-721. Certified public accountants; qualifications

20 A. The board shall issue a certificate of certified public accountant  
21 to any individual who COMPLIES WITH ALL OF THE FOLLOWING:

22 ~~1. Meets the requirement to take the examination pursuant to section~~  
23 ~~32-723.~~

24 ~~2. Within a period of time prescribed by the rules of the board, has~~  
25 ~~obtained a passing grade in each subject of the examination for certified~~  
26 ~~public accountant in this state, or in any other state, territory or~~  
27 ~~possession of the United States that uses the questions and grading~~  
28 ~~facilities of the American institute of certified public accountants or any~~  
29 ~~other institution approved by the board.~~

30 ~~3. Meets the following character and fitness requirements:~~

31 ~~(a) Is at least eighteen years of age.~~

32 ~~(b) Is of good moral character.~~

33 ~~(c) Has not engaged in any conduct that would constitute grounds for~~  
34 ~~revocation or suspension of a certificate or other disciplinary action~~  
35 ~~pursuant to section 32-741.~~

36 ~~4. Meets the additional experience and educational requirements~~  
37 ~~prescribed by subsection B of this section.~~

38 B. ~~In addition to the requirements prescribed by subsection A of this~~  
39 ~~section, the applicant must meet both of the following requirements:~~

40 1. MEETS THE REQUIREMENTS OF SECTIONS 1-501 AND 41-1080.

41 2. IS AT LEAST EIGHTEEN YEARS OF AGE.

42 3. IS OF GOOD MORAL CHARACTER.

43 4. HAS NOT ENGAGED IN ANY CONDUCT THAT WOULD CONSTITUTE GROUNDS FOR  
44 REVOCATION OR SUSPENSION OF A CERTIFICATE OR OTHER DISCIPLINARY ACTION  
45 PURSUANT TO SECTION 32-741.

1           5. MEETS THE REQUIREMENTS OF SUBSECTION B, C OR D OF THIS SECTION.

2           B. IF THE APPLICANT PASSES THE UNIFORM CERTIFIED PUBLIC ACCOUNTANT  
3 EXAMINATION AND HAS NEVER BEEN CERTIFIED, REGISTERED OR LICENSED AS A  
4 CERTIFIED PUBLIC ACCOUNTANT IN THIS STATE OR ANOTHER JURISDICTION, THE  
5 APPLICANT MUST COMPLY WITH BOTH OF THE FOLLOWING:

6           1. ~~Have been employed full-time~~ HAD AT LEAST TWO THOUSAND HOURS OF  
7 PAID OR UNPAID EXPERIENCE, either before or after passing each section ALL  
8 SECTIONS of the examination for certified public accountant, ~~for at least one~~  
9 ~~year in the office of a certified public accountant or public accountant, in~~  
10 ~~private industry or with a government agency~~ that has exposed the applicant  
11 to and provided the applicant with experience in the practice of accounting.  
12 ~~The board may accept part-time employment as a substitute for the requirement~~  
13 ~~of one year of full-time employment if the part-time employment provides the~~  
14 ~~applicant with equivalent experience in the practice of accounting.~~ THE  
15 APPLICANT'S EXPERIENCE MUST BE SUFFICIENT TO DEMONSTRATE THE APPLICANT'S  
16 ABILITY FOR CRITICAL INQUIRY AND ANALYSIS OF FINANCIAL ACCOUNTING  
17 INFORMATION, INCLUDING BALANCE SHEETS, INCOME STATEMENTS, CASH FLOW  
18 STATEMENTS AND TAX RETURNS AND THE APPLICANT'S ABILITY TO COMMUNICATE, EITHER  
19 ORALLY OR IN WRITING, ON THE RESULTS OF AN INQUIRY OR ANALYSIS OF THAT  
20 INFORMATION TO AN EMPLOYER, CLIENT OR THIRD PARTY.

21           2. Present satisfactory evidence THAT THE PERSON HAS SUCCESSFULLY  
22 OBTAINED A BACCALAUREATE DEGREE OR HIGHER DEGREE from an accredited  
23 institution or a college or university ~~maintaining~~ THAT MAINTAINS standards  
24 comparable to those of an accredited institution that the applicant has  
25 completed at least one hundred fifty semester hours of education of which:

26           (a) At least thirty-six semester hours are NONDUPLICATIVE accounting  
27 courses of which at least thirty semester hours are upper ~~level~~ DIVISION  
28 courses.

29           (b) At least thirty semester hours are related courses.

30           C. IF THE APPLICANT PASSES THE UNIFORM CERTIFIED PUBLIC ACCOUNTANT  
31 EXAMINATION AND HAS A CERTIFICATE, REGISTRATION OR LICENSE TO PRACTICE AS A  
32 CERTIFIED PUBLIC ACCOUNTANT IN ANOTHER JURISDICTION, AT LEAST ONE OF THE  
33 FOLLOWING SHALL APPLY:

34           1. THE CERTIFICATE, REGISTRATION OR LICENSE IS ISSUED BY A  
35 JURISDICTION WHOSE REQUIREMENTS ARE DETERMINED BY THE BOARD TO BE  
36 SUBSTANTIALLY EQUIVALENT TO THE REQUIREMENTS PRESCRIBED IN SUBSECTION B OF  
37 THIS SECTION.

38           2. THE APPLICANT HAS A BACCALAUREATE DEGREE OR ITS EQUIVALENT OR A  
39 HIGHER DEGREE FROM AN ACCREDITED INSTITUTION OR A COLLEGE OR UNIVERSITY THAT  
40 MAINTAINS STANDARDS COMPARABLE TO THOSE OF AN ACCREDITED INSTITUTION AND  
41 EITHER OF THE FOLLOWING APPLIES:

42           (a) THE APPLICANT HAS BEEN EMPLOYED AS A CERTIFIED PUBLIC ACCOUNTANT  
43 IN THE PRACTICE OF ACCOUNTING FOR AT LEAST THREE YEARS AND HAS COMPLETED AT  
44 LEAST ONE HUNDRED FIFTY SEMESTER HOURS OF EDUCATION THAT INCLUDES BOTH OF THE  
45 FOLLOWING:

1 (i) AT LEAST TWENTY-FOUR SEMESTER HOURS OF NONDUPLICATIVE ACCOUNTING  
2 COURSES, OF WHICH TWELVE SEMESTER HOURS ARE UPPER DIVISION COURSES.

3 (ii) AT LEAST EIGHTEEN SEMESTER HOURS IN RELATED COURSES.

4 (b) THE APPLICANT HAS BEEN EMPLOYED AS A CERTIFIED PUBLIC ACCOUNTANT  
5 IN THE PRACTICE OF ACCOUNTING FOR AT LEAST FIVE OF THE TEN PRECEDING YEARS  
6 AND HAS COMPLETED BOTH OF THE FOLLOWING:

7 (i) AT LEAST TWENTY-FOUR SEMESTER HOURS OF NONDUPLICATIVE ACCOUNTING  
8 COURSES, OF WHICH TWELVE SEMESTER HOURS ARE UPPER DIVISION COURSES.

9 (ii) AT LEAST EIGHTEEN SEMESTER HOURS IN RELATED COURSES.

10 3. THE APPLICANT HAS BEEN EMPLOYED AS A CERTIFIED PUBLIC ACCOUNTANT IN  
11 THE PRACTICE OF ACCOUNTING FOR AT LEAST TEN OF THE FIFTEEN PRECEDING YEARS.

12 D. IF AN APPLICANT PASSES THE INTERNATIONAL UNIFORM CERTIFIED PUBLIC  
13 ACCOUNTANT QUALIFICATION EXAMINATION OF THE AMERICAN INSTITUTE OF CERTIFIED  
14 PUBLIC ACCOUNTANTS, ALL OF THE FOLLOWING APPLY:

15 1. THE APPLICANT'S COUNTRY HAS A MUTUAL RECOGNITION AGREEMENT WITH THE  
16 NATIONAL ASSOCIATION OF STATE BOARDS OF ACCOUNTANCY THAT HAS BEEN ADOPTED BY  
17 THE BOARD.

18 2. THE BOARD RECOGNIZES THAT THE APPLICANT'S QUALIFICATIONS ARE  
19 SUBSTANTIALLY EQUIVALENT TO THE QUALIFICATIONS OF CERTIFIED PUBLIC  
20 ACCOUNTANTS IN THE UNITED STATES IN THE AREAS OF EDUCATION, EXAMINATION AND  
21 EXPERIENCE.

22 Sec. 4. Section 32-723, Arizona Revised Statutes, is amended to read:

23 32-723. Uniform certified public accountant examination;  
24 qualifications

25 ~~A. Examination of persons applying for certificates under this chapter~~  
26 ~~shall be held within the state, as the board decides, at least once each~~  
27 ~~year.~~

28 ~~B. A. A person shall not be permitted to take the UNIFORM CERTIFIED~~  
29 ~~PUBLIC ACCOUNTANT examination unless the person presents satisfactory~~  
30 ~~evidence that the person has successfully obtained a baccalaureate degree OR~~  
31 ~~A HIGHER DEGREE from an accredited institution or a college or university~~  
32 ~~maintaining THAT MAINTAINS standards comparable to those of an accredited~~  
33 ~~institution. The evidence must show BOTH OF THE FOLLOWING:~~

34 1. ~~At least twenty-four semester hours in OF NONDUPLICATIVE accounting~~  
35 ~~courses of which twelve semester hours ARE UPPER DIVISION COURSES. must be~~  
36 ~~in intermediate accounting theory, advanced accounting, cost accounting,~~  
37 ~~auditing theory and practice or income taxes, or any combination thereof, or~~  
38 ~~advanced accounting courses equivalent thereof, and shall include an~~  
39 ~~additional~~

40 2. ~~AT LEAST eighteen semester hours in related courses. Any~~  
41 ~~transcripts submitted as evidence must be from an accredited institution or a~~  
42 ~~college or university maintaining standards comparable to those of an~~  
43 ~~accredited institution.~~

44 ~~C. The board shall determine the required subjects in which applicants~~  
45 ~~may be examined.~~

1           ~~D. All examinations provided for in this section shall be conducted in~~  
2 ~~a manner prescribed by the board. The board may make use of all or any part~~  
3 ~~of a certified public accountants' examination and advisory grading service,~~  
4 ~~or both, as it deems appropriate to assist it in performing its duties.~~

5           B. THE BOARD MAY CONTRACT WITH A PUBLIC OR PRIVATE ENTITY FOR THE  
6 ADMINISTRATION OF THE EXAMINATION. THE EXAMINATION MAY BE CONDUCTED UNDER A  
7 UNIFORM EXAMINATION SYSTEM.

8           ~~E. C. All examinations shall be graded under the auspices of the~~  
9 ~~board. Each subject shall be graded separately. Within a reasonable time~~  
10 ~~after the examination the board OR ITS CONTRACTED AGENT shall notify each~~  
11 ~~candidate of the candidate's grade. Any candidate may request a grade review~~  
12 ~~or an appeal by submitting a written request to the board or its designated~~  
13 ~~UNIFORM CERTIFIED PUBLIC ACCOUNTANT EXAMINATION SCORE REVIEW OR APPEAL FORM~~  
14 ~~TO THE BOARD'S CONTRACTED agent.~~

15           ~~F. A candidate who successfully passes sections of an examination~~  
16 ~~shall be deemed to have received a condition as provided by rules of the~~  
17 ~~board and shall have the right to be reexamined in the remaining sections at~~  
18 ~~subsequent examinations held by the board. If the candidate passes the~~  
19 ~~remaining sections within a period of time specified in the rules of the~~  
20 ~~board, the candidate shall be considered to have passed the examination in~~  
21 ~~its entirety.~~

22           ~~G. A candidate who has received a condition in an examination in any~~  
23 ~~state whose examination is satisfactory to the board and in which the~~  
24 ~~requirements to take the examination are as high as those required in this~~  
25 ~~state may be deemed to have received a condition and may be given credit in~~  
26 ~~the candidate's Arizona examination for those sections passed. The~~  
27 ~~out-of-state condition must be in effect as determined by the rules of the~~  
28 ~~board. The candidate may be reexamined only in the remaining sections at~~  
29 ~~subsequent examinations held by the board. If the candidate passes the~~  
30 ~~remaining sections within a period of time specified in the rules of the~~  
31 ~~board the candidate shall be considered to have passed the examination in its~~  
32 ~~entirety.~~

33           ~~H. The board may permit an Arizona applicant for the Arizona~~  
34 ~~examination to take the examination for certified public accountant outside~~  
35 ~~of this state under the auspices and control of any other state board of~~  
36 ~~accountancy.~~

37           ~~I. The board may adopt rules regarding the scope of the examinations~~  
38 ~~and the method and time of filing applications and may adopt all other rules~~  
39 ~~necessary to implement this section.~~

40           Sec. 5. Repeal

41           Section 32-724, Arizona Revised Statutes, is repealed.

1           Sec. 6. Section 32-725, Arizona Revised Statutes, is amended to read:  
2           32-725. Limited reciprocity privilege; qualifications

3           A. The limited reciprocity privilege may be exercised by an individual  
4 who is not a resident of this state and who meets the requirements of this  
5 section.

6           B. To qualify to exercise the limited reciprocity privilege, an  
7 individual must:

8           1. Have a principal place of business that is not in this state.

9           2. Not be the subject of suspension or revocation of a certificate as  
10 provided by section 32-741 or relinquishment of a certificate as provided by  
11 section ~~32-741.01~~ 32-741.04.

12           3. Hold a valid registration, certificate or license as a certified  
13 public accountant issued by another state and either of the following must  
14 apply:

15           (a) The other state requires as a condition of licensure ~~on or before~~  
16 ~~December 31, 2011~~ that an individual has all of the following:

17           (i) At least one hundred fifty semester hours of college education,  
18 including a baccalaureate degree OR A HIGHER DEGREE THAT IS conferred by an  
19 accredited institution OR A COLLEGE OR UNIVERSITY THAT MAINTAINS STANDARDS  
20 THAT ARE COMPARABLE TO THOSE OF AN ACCREDITED INSTITUTION.

21           (ii) A passing grade on the uniform certified public accountant  
22 examination.

23           (iii) At least one year of experience in the practice of accounting  
24 that has been verified.

25           (b) The individual meets the qualifications prescribed in section  
26 ~~32-726~~ 32-721, SUBSECTION C.

27           C. An individual qualifying for limited reciprocity privilege under  
28 this section is considered to have qualifications that are substantially  
29 equivalent to the requirements prescribed pursuant to this chapter, ~~as~~  
30 ~~provided by section 32-726~~, and has all of the privileges of registrants,  
31 certificate holders or licensees in this state without obtaining a  
32 registration, certificate or license under this chapter.

33           D. An individual qualifying for limited reciprocity privilege under  
34 this section may use the title "CPA" or "certified public accountant" and may  
35 offer or practice accounting in person or by mail, telephone or electronic  
36 means. No notice, fee or other submission is required. The individual is  
37 subject to the requirements prescribed in subsection E of this section.

38           E. Each individual who holds a registration, certificate or license  
39 issued by another state and who exercises the limited reciprocity privilege  
40 and each partnership, corporation or other entity engaging in the practice of  
41 accounting as provided by this section, as a condition of exercising the  
42 privilege provided by this section:

43           1. Shall:

44           (a) Comply with article 3 of this chapter and rules adopted pursuant  
45 to article 3 of this chapter. In any investigation or other proceedings

1 conducted pursuant to article 3 of this chapter, an individual claiming  
2 permission to practice as a certified public accountant in this state under  
3 the limited reciprocity privilege has the burden of demonstrating that the  
4 applicable requirements of subsection B of this section have been satisfied.

5 (b) Cease the offering or practicing of accounting in person or by  
6 mail, telephone or electronic means in this state if the individual no longer  
7 satisfies the requirements of subsection B of this section or the  
8 partnership, corporation or other entity no longer satisfies the requirements  
9 of subsection G of this section.

10 2. Is subject to:

11 (a) The personal and subject matter jurisdiction of the board and the  
12 power of the board to investigate complaints and take disciplinary action.

13 (b) Service by either of the following:

14 (i) The appointment of the state board that issued the registration,  
15 certificate or license to the individual as agent, on whom process may be  
16 served in any action or proceeding against the person by the board.

17 (ii) Directly on the person.

18 F. Any individual who holds a valid registration, certificate or  
19 license as a certified public accountant issued by another state or a foreign  
20 country, whose principal place of business is not in this state and who does  
21 not otherwise qualify under this section for limited reciprocity privilege  
22 may enter this state and provide services if the services are limited to the  
23 following:

24 1. Expert witness services.

25 2. Teaching or lecturing.

26 3. Other services as determined by the board.

27 G. A partnership, corporation or other entity formed under the laws of  
28 another state OR UNITED STATES TERRITORY relating to the practice of  
29 accounting in that state OR UNITED STATES TERRITORY may use the title  
30 "certified public accountant" or "CPA" in this state and may engage in the  
31 practice of accounting in this state, including the provision of ~~restricted~~  
32 ~~financial~~ ATTEST services, without having to register as a firm if all of the  
33 following apply:

34 1. The partnership, corporation or other entity is owned by or employs  
35 an individual who is a limited reciprocity privilege holder pursuant to this  
36 section.

37 2. The partnership, corporation or other entity is in good standing in  
38 its principal place of business under the laws of that jurisdiction relating  
39 to the practice of accounting.

40 3. The principal place of business of the limited reciprocity  
41 privilege holder is a recognized place of business for the practice of  
42 accounting by the partnership, corporation or other entity.

43 4. The partnership, corporation or other entity does not have an  
44 office in this state and does not represent that it has an office in this  
45 state.

1           5. THE PARTNERSHIP, CORPORATION OR OTHER ENTITY HOLDS AN ACTIVE PERMIT  
2 OR REGISTRATION AS A CERTIFIED PUBLIC ACCOUNTANT FIRM IN ANOTHER STATE OR  
3 UNITED STATES TERRITORY.

4           6. THE PRACTICE OF ACCOUNTING IS PERFORMED BY OR UNDER THE DIRECT  
5 SUPERVISION OF AN INDIVIDUAL WHO IS QUALIFIED FOR THE LIMITED RECIPROCITY  
6 PRIVILEGE UNDER THIS SECTION.

7           Sec. 7. Repeal

8           Section 32-726, Arizona Revised Statutes, is repealed.

9           Sec. 8. Section 32-729, Arizona Revised Statutes, is amended to read:

10          32-729. Fees

11          ~~A.~~ The board shall establish and collect:

12           1. ~~A uniform fee from each AN applicant for each examination held~~  
13 ~~INITIAL EXAMINATION AND REEXAMINATION APPLICATION pursuant to section 32-723~~  
14 ~~to cover reasonable costs of the examination. No additional fee shall be~~  
15 ~~required from an applicant entitled to a certificate after having~~  
16 ~~successfully passed the examination except as provided in subsection B of~~  
17 ~~this section. If the board refuses to allow an applicant to take the~~  
18 ~~examination, the board shall return to the applicant one-half of the~~  
19 ~~examination fee.~~ REVIEWING THE APPLICANT'S ELIGIBILITY TO TAKE THE  
20 EXAMINATION AND FACILITATING THE APPLICANT TO TAKE THE EXAMINATION UNTIL THE  
21 APPLICANT PASSES ALL SECTIONS.

22           ~~B.~~ 2. ~~The board shall establish and collect~~ A uniform fee from each  
23 applicant for a certificate to be issued pursuant to section 32-721 ~~or~~  
24 ~~32-724.~~

25           3. A UNIFORM REGISTRATION FEE OF AT LEAST ONE HUNDRED AND NOT MORE  
26 THAN THREE HUNDRED DOLLARS FROM EACH APPLICANT FOR REGISTRATION AS A  
27 CERTIFIED PUBLIC ACCOUNTANT OR PUBLIC ACCOUNTANT PURSUANT TO SECTION 32-730.  
28 THE REGISTRATION FEE IS DUE DURING THE MONTH OF THE ANNIVERSARY OF THE  
29 REGISTRANT'S BIRTH. REGISTRANTS FOR LESS THAN TWO YEARS SHALL BE CHARGED ON  
30 A PRO RATA BASIS FOR THE REMAINDER OF THE REGISTRATION PERIOD. THE BOARD  
31 SHALL ESTABLISH AND COLLECT A LATE FEE, IF APPLICABLE, OF NOT MORE THAN ONE  
32 HUNDRED DOLLARS.

33           4. A UNIFORM REGISTRATION FEE OF AT LEAST ONE HUNDRED DOLLARS AND NOT  
34 MORE THAN THREE HUNDRED DOLLARS FROM EACH APPLICANT FOR REGISTRATION AS A  
35 FIRM PURSUANT TO SECTION 32-730. THE REGISTRATION FEE IS DUE DURING THE  
36 MONTH OF THE ANNIVERSARY OF THE EFFECTIVE DATE OF THE FIRM'S FORMATION. THE  
37 BOARD SHALL ESTABLISH AND COLLECT A LATE FEE, IF APPLICABLE, OF NOT MORE THAN  
38 ONE HUNDRED DOLLARS. THE BOARD SHALL NOT CHARGE A FEE FOR THE REGISTRATION  
39 OF ADDITIONAL OFFICES OF THE SAME FIRM OR FOR THE REGISTRATION OF A SOLE  
40 PRACTITIONER.

41           5. A UNIFORM APPLICATION FEE IN AN AMOUNT TO BE DETERMINED BY THE  
42 BOARD TO REINSTATE A LICENSE PURSUANT TO THIS CHAPTER.

43           6. A UNIFORM REGISTRATION FEE OF FIFTY DOLLARS FOR RETIRED STATUS  
44 REGISTRATION AS DESCRIBED IN SECTION 32-730.04.

1           Sec. 9. Section 32-730, Arizona Revised Statutes, is amended to read:  
2           32-730. Biennial registration; continuing professional  
3                           education

4           A. Except as provided in subsection C of this section and in section  
5 32-4301, the board shall biennially require every certified public  
6 accountant, public accountant and firm to register ONCE EVERY TWO YEARS with  
7 the board and pay a registration fee PURSUANT TO SECTION 32-729. ~~of not less~~  
8 ~~than one hundred nor more than three hundred dollars during the month of the~~  
9 ~~anniversary of the registrant's birth in the case of an individual or, in the~~  
10 ~~case of a registered firm, during the month of the anniversary of the~~  
11 ~~effective date of the firm's formation. In the administration of this~~  
12 ~~section, registrants for less than two years shall be charged on a pro rata~~  
13 ~~basis for the remainder of the registration period.~~

14           B. ~~A certified public accountant or public accountant who is not~~  
15 ~~actively engaged in the practice of accounting may request that the~~  
16 ~~individual's certificate be placed on inactive status by meeting the~~  
17 ~~requirements for inactive status and completing the forms prescribed by the~~  
18 ~~board. A certified public accountant or public accountant whose certificate~~  
19 ~~has been suspended by the board or against whom disciplinary proceedings have~~  
20 ~~been initiated may not place or maintain his certificate on inactive status.~~  
21 ~~A certified public accountant or public accountant who elects to place a~~  
22 ~~certificate on inactive status:~~

23           1. ~~Shall continue to biennially register with the board and pay the~~  
24 ~~required fees.~~

25           2. ~~Shall not engage in the practice of accounting for a fee or other~~  
26 ~~compensation while the individual remains on inactive status.~~

27           3. ~~Shall not assume or use the title or designation of "certified~~  
28 ~~public accountant" or "public accountant" or the abbreviation "C.P.A.",~~  
29 ~~"CPA", "P.A." or "PA" while the person remains on inactive status.~~

30           C. B. The registration fee for certified public accountants and  
31 public accountants may be reduced or waived by the board for registrants ~~who~~  
32 ~~are at least sixty-five years of age or who have become disabled to a degree~~  
33 ~~precluding the continuance of their practice for six months or more prior to~~  
34 ~~the due date of any renewal fee.~~

35           D. C. At the time of registration, every certified public accountant  
36 and public accountant, ~~shall~~ as a prerequisite to biennial registration,  
37 SHALL submit to the board satisfactory proof, ~~in a manner prescribed by the~~  
38 ~~board,~~ that the registrant has completed the continuing PROFESSIONAL  
39 education requirements established by the board. The board may grant ~~an~~ A  
40 FULL OR PARTIAL exemption from CONTINUING PROFESSIONAL EDUCATION REQUIREMENTS  
41 OR AN EXTENSION OF TIME TO COMPLETE THE continuing professional education  
42 requirements for registrants on a demonstration of good cause ~~as determined~~  
43 ~~by the board.~~

44           E. ~~Except as otherwise provided in this chapter, a certified public~~  
45 ~~accountant or public accountant who elects to place a certificate on inactive~~

1 ~~status may reactivate the certificate if the certificate has been inactive~~  
2 ~~for six years or less by doing all of the following:~~

3 ~~1. Filing an application for renewal on the form prescribed by the~~  
4 ~~board and paying the applicable fees.~~

5 ~~2. Submitting proof that the certified public accountant or public~~  
6 ~~accountant has satisfied continuing education requirements prescribed by the~~  
7 ~~board in its rules.~~

8 ~~3. Affirming that the certified public accountant or public accountant~~  
9 ~~has not engaged in any conduct that would constitute grounds for revocation~~  
10 ~~or suspension of a certificate pursuant to section 32-741.~~

11 ~~F. A registrant may reactivate an inactive certificate pursuant to~~  
12 ~~subsection E of this section only one time. Reactivation of an inactive~~  
13 ~~certificate pursuant to subsection E of this section is effective on the date~~  
14 ~~that the application for reactivation is approved by the board. A~~  
15 ~~certificate that is reactivated pursuant to subsection E of this section~~  
16 ~~continues in effect through the date prescribed in subsection A of this~~  
17 ~~section.~~

18 ~~G. A certificate that has been inactive for more than six years~~  
19 ~~expires.~~

20 ~~H. A certified public accountant or public accountant whose~~  
21 ~~certificate has expired or been canceled and who does not meet the good cause~~  
22 ~~requirements of section 32-741 may apply for and reactivate or reinstate the~~  
23 ~~certificate if the certified public accountant or public accountant meets all~~  
24 ~~of the following requirements:~~

25 ~~1. Has not engaged in any conduct that would constitute grounds for~~  
26 ~~revocation or suspension of a certificate pursuant to section 32-741.~~

27 ~~2. Pays all fees required of applicants for initial certification.~~

28 ~~3. Takes and passes the examination required of applicants for initial~~  
29 ~~certification.~~

30 ~~I. A certified public accountant or public accountant who is not~~  
31 ~~actively engaged in the practice of accounting or who qualifies for limited~~  
32 ~~reciprocity privilege pursuant to section 32-725 and who does not want to~~  
33 ~~renew or place the certificate on inactive status may request that the~~  
34 ~~certificate be canceled by submitting a written request on a form approved by~~  
35 ~~the board. This subsection does not apply if a complaint has been filed with~~  
36 ~~the board or disciplinary proceedings are pending against the certified~~  
37 ~~public accountant or public accountant.~~

38 ~~J. Each firm established or maintained in this state for the purpose~~  
39 ~~of a certified public accountant or a public accountant to practice~~  
40 ~~accounting in this state shall register biennially under this chapter with~~  
41 ~~the board. The board shall not charge a fee for registration of additional~~  
42 ~~offices of the same firm or sole practitioner. The board shall prescribe by~~  
43 ~~rule the required registration procedures for this subsection.~~

44 ~~K. A firm that is established or maintained in this state for the~~  
45 ~~purpose of a certified public accountant or a public accountant practicing~~

1 ~~accounting in this state and that does not want to renew its registration may~~  
2 ~~cancel its registration by submitting a written request on a form approved by~~  
3 ~~the board. This subsection does not apply if a complaint has been filed with~~  
4 ~~the board or disciplinary proceedings are pending against the firm.~~

5 Sec. 10. Title 32, chapter 6, article 2, Arizona Revised Statutes, is  
6 amended by adding sections 32-730.01, 32-730.02, 32-730.03 and 32-730.04, to  
7 read:

8 32-730.01. Inactive status; reactivation; exception

9 A. A REGISTRANT WHO IS NOT ACTIVELY ENGAGED IN THE PRACTICE OF  
10 ACCOUNTING IN THIS STATE FOR A FEE OR OTHER COMPENSATION MAY REQUEST THAT THE  
11 REGISTRANT'S CERTIFICATE BE PLACED ON INACTIVE STATUS BY MEETING THE  
12 REQUIREMENTS FOR INACTIVE STATUS AND COMPLETING THE FORMS PRESCRIBED BY THE  
13 BOARD. A REGISTRANT WHOSE CERTIFICATE IS UNDER A DISCIPLINARY ORDER BY THE  
14 BOARD OR AGAINST WHOM DISCIPLINARY PROCEEDINGS HAVE BEEN INITIATED MAY NOT  
15 PLACE OR MAINTAIN A CERTIFICATE ON INACTIVE STATUS.

16 B. A REGISTRANT WHOSE CERTIFICATE IS ON INACTIVE STATUS:

17 1. SHALL CONTINUE TO REGISTER ONCE EVERY TWO YEARS WITH THE BOARD AND  
18 PAY FIFTY PER CENT OF THE REGISTRATION FEE AND ONE HUNDRED PER CENT OF ANY  
19 APPLICABLE LATE FEE PURSUANT TO SECTION 32-729.

20 2. SHALL NOT ENGAGE IN THE PRACTICE OF ACCOUNTING IN THIS STATE FOR A  
21 FEE OR OTHER COMPENSATION WHILE THE REGISTRANT'S CERTIFICATE REMAINS ON  
22 INACTIVE STATUS.

23 3. IN THIS STATE SHALL NOT ASSUME OR USE THE TITLE OR DESIGNATION OF  
24 "CERTIFIED PUBLIC ACCOUNTANT" OR "PUBLIC ACCOUNTANT" OR THE ABBREVIATION  
25 "C.P.A.", "CPA", "P.A." OR "PA" WHILE THE REGISTRANT'S CERTIFICATE REMAINS ON  
26 INACTIVE STATUS UNLESS ACCOMPANIED BY THE WORD "INACTIVE".

27 C. EXCEPT AS OTHERWISE PROVIDED IN THIS CHAPTER, A REGISTRANT WHO  
28 ELECTS TO PLACE A CERTIFICATE ON INACTIVE STATUS MAY REACTIVATE THE  
29 CERTIFICATE IF THE CERTIFICATE HAS BEEN INACTIVE FOR SIX YEARS OR LESS BY  
30 DOING ALL OF THE FOLLOWING:

31 1. FILING AN APPLICATION FOR RENEWAL ON THE FORM PRESCRIBED BY THE  
32 BOARD AND PAYING THE REGISTRATION FEE PURSUANT TO SECTION 32-729.

33 2. SUBMITTING PROOF THAT THE REGISTRANT HAS SATISFIED CONTINUING  
34 PROFESSIONAL EDUCATION REQUIREMENTS AS PRESCRIBED BY THE BOARD.

35 3. AFFIRMING THAT THE REGISTRANT HAS NOT ENGAGED IN ANY CONDUCT THAT  
36 WOULD CONSTITUTE GROUNDS FOR REVOCATION OR SUSPENSION OF A CERTIFICATE  
37 PURSUANT TO SECTION 32-741.

38 D. A REGISTRANT MAY REACTIVATE AN INACTIVE CERTIFICATE PURSUANT TO  
39 SUBSECTION C OF THIS SECTION ONLY ONCE.

40 E. A CERTIFICATE EXPIRES IF IT HAS BEEN INACTIVE FOR MORE THAN SIX  
41 YEARS.

42 F. SUBSECTIONS D AND E OF THIS SECTION DO NOT APPLY IF INACTIVE STATUS  
43 IS APPROVED BY THE BOARD FOR GOOD CAUSE BASED ON A REGISTRANT'S DISABILITY.

1           32-730.02. Canceled status; reinstatement

2           A. A REGISTRANT MAY CANCEL A CERTIFICATE OR REGISTRATION BY SUBMITTING  
3 A WRITTEN REQUEST ON A FORM PRESCRIBED BY THE BOARD. A REGISTRANT WHOSE  
4 CERTIFICATE OR REGISTRATION IS UNDER A DISCIPLINARY ORDER BY THE BOARD OR  
5 AGAINST WHOM DISCIPLINARY PROCEEDINGS HAVE BEEN INITIATED MAY NOT CANCEL THE  
6 CERTIFICATE OR REGISTRATION.

7           B. AN INDIVIDUAL WHOSE CERTIFICATE HAS BEEN CANCELED SHALL NOT ASSUME  
8 OR USE THE TITLE OR DESIGNATION OF "CERTIFIED PUBLIC ACCOUNTANT" OR "PUBLIC  
9 ACCOUNTANT" OR THE ABBREVIATION "C.P.A.", "CPA", "P.A." OR "PA" WHILE THE  
10 CERTIFICATE REMAINS ON CANCELED STATUS UNLESS THE INDIVIDUAL QUALIFIES FOR  
11 LIMITED RECIPROCITY PRIVILEGE PURSUANT TO SECTION 32-725.

12           C. AN INDIVIDUAL WHOSE CERTIFICATE HAS BEEN CANCELED MAY APPLY FOR  
13 REINSTATEMENT AND THE BOARD MAY REINSTATE THE CERTIFICATE IF THE INDIVIDUAL  
14 MEETS ALL OF THE FOLLOWING REQUIREMENTS:

15           1. HAS NOT ENGAGED IN ANY CONDUCT THAT WOULD CONSTITUTE GROUNDS FOR  
16 REVOCATION OR SUSPENSION OF A CERTIFICATE PURSUANT TO SECTION 32-741.

17           2. FILES AN APPLICATION FOR REINSTATEMENT ON THE FORM PRESCRIBED BY  
18 THE BOARD AND PAYS THE REINSTATEMENT APPLICATION FEE PURSUANT TO SECTION  
19 32-729.

20           3. SUBMITS PROOF THAT THE INDIVIDUAL HAS SATISFIED CONTINUING  
21 PROFESSIONAL EDUCATION REQUIREMENTS AS PRESCRIBED BY THE BOARD.

22           4. ON BOARD APPROVAL OF REINSTATEMENT, PAYS THE REGISTRATION AND  
23 REINSTATEMENT FEES PURSUANT TO SECTION 32-729.

24           32-730.03. Expired status; reinstatement

25           A. A REGISTRANT'S CERTIFICATE IS EXPIRED IF THE REGISTRANT FAILS TO  
26 REINSTATE THE CERTIFICATE WITHIN TWELVE MONTHS AFTER IT HAS BEEN SUSPENDED  
27 PURSUANT TO SECTION 32-741.01 OR 32-741.02 OR FAILS TO REINSTATE A  
28 CERTIFICATE THAT HAS BEEN ON INACTIVE STATUS PURSUANT TO SECTION 32-730.01  
29 FOR MORE THAN SIX YEARS.

30           B. AN INDIVIDUAL WHOSE CERTIFICATE HAS EXPIRED SHALL NOT ASSUME OR USE  
31 THE TITLE OR DESIGNATION OF "CERTIFIED PUBLIC ACCOUNTANT" OR "PUBLIC  
32 ACCOUNTANT" OR THE ABBREVIATION "C.P.A.", "CPA", "P.A." OR "PA" WHILE THE  
33 CERTIFICATE REMAINS ON EXPIRED STATUS UNLESS THE INDIVIDUAL QUALIFIES FOR  
34 LIMITED RECIPROCITY PRIVILEGE PURSUANT TO SECTION 32-725.

35           C. AN INDIVIDUAL WHOSE CERTIFICATE HAS EXPIRED MAY APPLY FOR  
36 REINSTATEMENT AND THE BOARD MAY REINSTATE THE CERTIFICATE IF THE INDIVIDUAL  
37 MEETS ALL OF THE FOLLOWING REQUIREMENTS:

38           1. FILES AN APPLICATION FOR REINSTATEMENT ON A FORM PRESCRIBED BY THE  
39 BOARD AND PAYS THE REINSTATEMENT APPLICATION FEE PURSUANT TO SECTION 32-729.

40           2. HAS NOT ENGAGED IN ANY CONDUCT THAT WOULD CONSTITUTE GROUNDS FOR  
41 REVOCATION OR SUSPENSION OF A CERTIFICATE PURSUANT TO SECTION 32-741.

42           3. SUBMITS PROOF THAT THE INDIVIDUAL HAS SATISFIED CONTINUING  
43 PROFESSIONAL EDUCATION REQUIREMENTS AS PRESCRIBED BY THE BOARD.

44           4. ON BOARD APPROVAL OF REINSTATEMENT, PAYS THE REGISTRATION FEE  
45 PURSUANT TO SECTION 32-729.

1           32-730.04. Retired status; reinstatement

2           A. A REGISTRANT WHO IS AT LEAST FIFTY-FIVE YEARS OF AGE, WHO HAS BEEN  
3 A CERTIFIED PUBLIC ACCOUNTANT OR PUBLIC ACCOUNTANT IN ANY JURISDICTION FOR AT  
4 LEAST TWENTY YEARS AND WHO IS NOT ACTIVELY ENGAGED IN THE PRACTICE OF  
5 ACCOUNTING FOR A FEE OR OTHER COMPENSATION MAY REQUEST THAT THE REGISTRANT'S  
6 CERTIFICATE BE PLACED ON RETIRED STATUS BY SUBMITTING A REQUEST ON A FORM  
7 APPROVED BY THE BOARD. A REGISTRANT WHOSE CERTIFICATE IS UNDER A  
8 DISCIPLINARY ORDER BY THE BOARD OR AGAINST WHOM DISCIPLINARY PROCEEDINGS HAVE  
9 BEEN INITIATED MAY NOT PLACE OR MAINTAIN A CERTIFICATE ON RETIRED STATUS.

10          B. A REGISTRANT WHOSE CERTIFICATE IS ON RETIRED STATUS:

11           1. SHALL CONTINUE TO REGISTER ONCE EVERY TWO YEARS WITH THE BOARD AND  
12 PAY A REGISTRATION FEE AS PRESCRIBED BY SECTION 32-729.

13           2. SHALL NOT ENGAGE IN THE PRACTICE OF ACCOUNTING FOR A FEE OR OTHER  
14 COMPENSATION WHILE THE REGISTRANT'S CERTIFICATE REMAINS ON RETIRED STATUS.

15           3. SHALL NOT ASSUME OR USE THE TITLE OR DESIGNATION OF "CERTIFIED  
16 PUBLIC ACCOUNTANT" OR "PUBLIC ACCOUNTANT" OR THE ABBREVIATION "C.P.A.",  
17 "CPA", "P.A." OR "PA" UNLESS ACCOMPANIED BY THE WORD "RETIRED" OR THE  
18 ABBREVIATION "RET" WHILE THE REGISTRANT'S CERTIFICATE REMAINS ON RETIRED  
19 STATUS.

20           4. MAY APPLY FOR REINSTATEMENT AND THE BOARD MAY REINSTATE THE  
21 CERTIFICATE IF THE REGISTRANT MEETS ALL OF THE FOLLOWING REQUIREMENTS:

22           (a) SUBMITS PROOF THAT THE REGISTRANT HAS SATISFIED CONTINUING  
23 PROFESSIONAL EDUCATION REQUIREMENTS AS PRESCRIBED BY THE BOARD.

24           (b) PAYS THE REGISTRATION FEE PURSUANT TO SECTION 32-729.

25          Sec. 11. Section 32-731, Arizona Revised Statutes, is amended to read:

26          32-731. Certified public accountant partnership; qualifications

27           A. Except as provided in section 32-725, subsection G, a partnership  
28 engaged in this state in the practice of accounting by certified public  
29 accountants shall register ~~biennially~~ ONCE EVERY TWO YEARS with the board as  
30 a partnership of certified public accountants and shall meet the following  
31 requirements:

32           1. At least one partner shall be a resident and a full-time practicing  
33 certified public accountant in good standing in this state.

34           2. At least fifty-one per cent of the ownership of the partnership, in  
35 terms of direct and indirect financial interests and voting rights, must  
36 belong to holders in good standing of certificates or licenses to practice  
37 accounting as certified public accountants in any state or foreign country.  
38 Only certified public accountants whose qualifications are considered to be  
39 substantially equivalent, as provided by section ~~32-726~~ 32-721, SUBSECTIONS C  
40 AND D, may be considered as meeting the requirement prescribed by this  
41 paragraph.

42           B. A partnership registered with the board pursuant to this section  
43 may include owners who are not certified pursuant to this chapter if all of  
44 the following apply:

1           1. The partnership designates an individual who is certified pursuant  
2 to this chapter and who is responsible for the proper registration of the  
3 firm.

4           2. All noncertified partners actively participate in the management of  
5 the partnership or a directly affiliated entity that has been approved by the  
6 board. For the purposes of this paragraph:

7           (a) A partner actively participates if all of the following occur:

8           (i) The partner performs at least five hundred hours of professional  
9 services for the public accounting partnership during the calendar year.

10           (ii) The professional services performed constitute the partner's  
11 principal occupation.

12           (iii) The partner's interest in the public accounting partnership  
13 reverts to the partnership if the partner stops performing services for the  
14 partnership.

15           (b) "Directly affiliated entity" means a firm in which each owner of  
16 an equity interest in the entity actively participates in the business of  
17 providing services to the firm's clients.

18           3. Any partner who is ultimately responsible for supervising attest  
19 services in this state or the partner who signs any reports related to  
20 ~~restricted financial~~ ATTEST services on behalf of the partnership in this  
21 state shall be certified pursuant to this chapter and shall meet the  
22 experience requirements for carrying out these functions adopted by the board  
23 in its rules.

24           4. The partnership complies with other requirements imposed by the  
25 board in its rules.

26           C. Application for registration pursuant to this section shall be made  
27 on affidavit of a partner of the partnership who is a certified public  
28 accountant in good standing in this state. The board shall in each case  
29 SHALL determine whether the applicant is eligible for registration. A  
30 partnership that is registered pursuant to this section may use the words  
31 "certified public accountants" or the abbreviation "C.P.A.'s" or "CPA's" in  
32 connection with its partnership name as provided for by the board in its  
33 rules. Partnerships registered pursuant to this chapter may provide  
34 ~~restricted financial~~ ATTEST services. Notification shall be given to the  
35 board within one month of the termination of any partnership, or of the  
36 admission to or withdrawal of an Arizona partner from any partnership  
37 registered pursuant to this section.

38           D. A partnership that applies for an initial registration or a renewal  
39 pursuant to this section shall list in its application all states in which  
40 the partnership has applied for or holds a registration, license or permit as  
41 a certified public accountant partnership and shall list any past denials,  
42 revocations or suspensions of registrations, licenses or permits by any other  
43 state.

44           E. An applicant for registration or a partnership registered pursuant  
45 to this section shall notify the board in writing within one month of any

1 change of partners whose principal place of business is in this state, any  
2 change in the number or location of offices of the partnership in this state,  
3 any change in the identity of the individuals in charge of the partnership's  
4 offices in this state and any issuance, denial, revocation or suspension of a  
5 registration, license or permit by any other state.

6 ~~F. A partnership that desires to practice under this chapter must~~  
7 ~~register with the board for a two year period in the month of the effective~~  
8 ~~date of the formation of the firm and every two years thereafter and pay a~~  
9 ~~registration fee of at least one hundred dollars but not more than three~~  
10 ~~hundred dollars for the privilege of practicing in this state. A partnership~~  
11 ~~registering for less than two years must pay a pro rata portion of the fee.~~

12 G. F. A partnership that fails to comply with this section due to  
13 changes in the ownership of the firm or personnel after receiving or renewing  
14 the registration must take corrective action to comply with this section as  
15 quickly as possible. The board may grant a reasonable period of time for the  
16 firm to take these corrective actions. A failure to comply with these  
17 requirements is grounds for suspension or revocation of the partnership  
18 registration.

19 Sec. 12. Section 32-732, Arizona Revised Statutes, is amended to read:  
20 32-732. Public accountant partnership; requirements

21 A. A partnership engaged in this state in the practice of public  
22 accounting as public accountants shall register biennially with the board as  
23 a partnership of public accountants and shall meet the following  
24 requirements:

25 1. All public accountant members of the partnership shall be  
26 residents in good standing in this state.

27 2. At least fifty-one per cent of the ownership of the partnership, in  
28 terms of direct and indirect financial interests and voting rights, must  
29 belong to holders in good standing of certificates or licenses to practice  
30 accounting as public accountants in any state or foreign country.

31 B. A partnership registered with the board pursuant to this section  
32 may include owners who are not public accountants if all of the following  
33 apply:

34 1. The partnership designates a person who is a public accountant and  
35 who is responsible for the proper registration of the firm.

36 2. All partners who are not public accountants actively participate in  
37 the management of the partnership or a directly affiliated entity that has  
38 been approved by the board. For the purposes of this paragraph:

39 (a) A partner actively participates if all of the following occur:

40 (i) The partner performs at least five hundred hours of professional  
41 services for the public accounting partnership during the calendar year.

42 (ii) The professional services performed constitute the partner's  
43 principal occupation.

1 (iii) The partner's interest in the public accounting partnership  
2 reverts to the partnership if the partner stops performing services for the  
3 partnership.

4 (b) "Directly affiliated entity" means a firm where each owner of an  
5 equity interest in the entity actively participates in the business of  
6 providing services to the firm's clients.

7 3. Any person who is responsible for supervising attest services or  
8 for signing reports on financial statements on behalf of the partnership  
9 shall be certified pursuant to this chapter and shall meet the experience  
10 requirements for carrying out these functions adopted by the board in its  
11 rules.

12 4. The partnership complies with other requirements imposed by the  
13 board in its rules.

14 C. Application for registration pursuant to this section shall be made  
15 upon affidavit of a partner of the partnership who is a certified public  
16 accountant or public accountant in good standing in this state. The board  
17 shall in each case SHALL determine whether the applicant is eligible for  
18 registration. A partnership ~~which~~ THAT is registered pursuant to this  
19 section and ~~which~~ THAT holds a certificate issued pursuant to this chapter  
20 may use the words "public accountants" or the abbreviation "P.A.'s" or "PA's"  
21 in connection with its partnership name as provided for by the board in its  
22 rules. Each partnership registered pursuant to this chapter may provide  
23 ~~restricted financial~~ ATTEST services. Notification shall be given to the  
24 board within one month of the termination of any partnership, or of the  
25 admission to or withdrawal of an Arizona partner from any partnership  
26 registered pursuant to this section.

27 D. A partnership that applies for an initial registration or a renewal  
28 pursuant to this section shall list in its application all states in which  
29 the partnership has applied for or holds a registration, license or permit as  
30 a public accountant partnership and shall list any past denials, revocations  
31 or suspensions of registrations, licenses or permits by any other state.

32 E. An applicant for registration or a partnership registered pursuant  
33 to this section shall notify the board in writing within one month of any  
34 change of partners whose principal place of business is in this state, any  
35 change in the number or location of offices of the partnership in this state,  
36 any change in the identity of the persons in charge of the partnership's  
37 offices in this state and any issuance, denial, revocation or suspension of a  
38 registration, license or permit by any other state.

39 F. A partnership that desires to practice under this chapter must  
40 register with the board for a two-year period in the month of the effective  
41 date of the formation of the firm and every two years thereafter and pay a  
42 registration fee of at least one hundred dollars but not more than three  
43 hundred dollars for the privilege of practicing in this state. A partnership  
44 registering for less than two years must pay a pro rata portion of the fee.

1 G. A partnership that fails to comply with this section due to changes  
2 in the ownership of the firm or personnel after receiving or renewing the  
3 registration must take corrective action to comply with this section as  
4 quickly as possible. The board may grant a reasonable period of time for the  
5 firm to take these corrective actions. A failure to comply with these  
6 requirements is grounds for suspension or revocation of the partnership  
7 registration.

8 Sec. 13. Section 32-741, Arizona Revised Statutes, is amended to read:

9 32-741. Revocation or suspension of certificate; disciplinary  
10 action; letter of concern

11 A. After notice and an opportunity for a hearing, the board may revoke  
12 or suspend any certificate granted under this chapter and may take  
13 disciplinary action concerning the holder of any certificate for any of the  
14 following causes:

15 1. Conviction of a felony under the laws of any state or of the United  
16 States if civil rights have not been restored pursuant to title 13, chapter 9  
17 or other applicable recognized judicial or gubernatorial order.

18 2. Conviction of any crime that has a reasonable relationship to the  
19 practice of accounting by a certified public accountant or by a public  
20 accountant, including crimes involving accounting or tax violations,  
21 dishonesty, fraud, misrepresentation, embezzlement, theft, forgery, perjury  
22 or breach of fiduciary duty, regardless of whether civil rights have been  
23 restored.

24 3. Fraud or deceit in obtaining a certificate as a certified public  
25 accountant or in obtaining a certificate as a public accountant under this  
26 chapter.

27 4. Dishonesty, fraud or gross or continuing negligence in the practice  
28 of accounting.

29 ~~5. Cancellation, revocation or suspension of~~ DISCIPLINE TO THE HOLDER  
30 OF any certificate or other authority to practice or refusal to renew the  
31 certificate or other authority to practice as a certified public accountant  
32 by any other state or foreign country for any cause other than failure to pay  
33 license or registration fees.

34 6. Violation of any of the provisions of this chapter, of title 44,  
35 chapter 12, article 13 or of any fraud provisions of the federal securities  
36 laws.

37 7. Final judgment in a civil action if the court makes findings of  
38 accounting violations, dishonesty, fraud, misrepresentation or breach of  
39 fiduciary duty.

40 8. Final judgment or order in a civil action or administrative  
41 proceeding if the court or agency makes findings of violations of any fraud  
42 provisions of the laws of this state or federal securities laws.

43 9. ~~Knowing~~ Violation of any decision, order or rule issued or adopted  
44 by the board.

1           10. Suspension or revocation for cause of the right to practice before  
2 the federal securities exchange commission or any other governmental body or  
3 agency OR THE PUBLIC COMPANY ACCOUNTING OVERSIGHT BOARD OR ITS SUCCESSOR.

4           11. Offering or accepting commissions or contingency fees for services  
5 rendered for clients for whom THE attest function ~~services~~ are IS also  
6 offered or rendered in the performance of the practice of accounting unless:

7           (a) The fee is fixed by a court or another public authority.

8           (b) In a tax matter, the fee is determined based on the results of a  
9 judicial proceeding or the finding of a governmental agency.

10          12. Failing to disclose to a client that the registrant has received or  
11 expects to receive a commission from a third party for any engagement,  
12 services or product sales involving services other than the attest function.

13          13. ~~Knowingly~~ Making any false or misleading statement or verification  
14 in support of an application for a certificate, registration or permit filed  
15 by another person.

16          14. ~~Knowingly~~ Making a false or misleading statement:

17           (a) To the board or its designated agent.

18           (b) On a form required by the board.

19           (c) In written correspondence to the board.

20          15. Failing to respond IN WRITING or furnish information in a timely  
21 manner to the board or its designated agent, if the information is legally  
22 requested by the board and is in the registrant's possession or control.

23          B. Pursuant to title 41, chapter 6, article 10, the board may  
24 summarily suspend the certificate of any certified public accountant or  
25 public accountant pending proceedings for revocation or other disciplinary  
26 action on the receipt of either of the following:

27           1. A notice of conviction of any crime that has a reasonable  
28 relationship to the practice of accounting, including crimes involving  
29 accounting or tax violations, dishonesty, fraud, misrepresentation,  
30 embezzlement, theft, forgery, perjury or breach of fiduciary duty or of any  
31 felony.

32           2. A final judgment or order in a civil action or administrative  
33 proceeding in which the court or agency made findings of violations of any  
34 fraud provisions of the laws of this state or federal securities laws.

35          ~~C. The certificate of any certified public accountant or public  
36 accountant who fails to timely register and pay the biennial registration fee  
37 as required by section 32-730, subsection A shall be automatically suspended  
38 without prior notice or a hearing. Terms of a suspension issued under this  
39 subsection shall include a provision that the suspension shall be  
40 automatically vacated when the registrant has paid all past due fees. The  
41 board may waive the collection of any fee after suspension under conditions  
42 which the board deems justifiable. If the certified public accountant or  
43 public accountant fails to reinstate the certificate within twelve months of  
44 the date of suspension, the certificate expires. The board shall not  
45 reinstate a certificate of a certified public accountant or public accountant~~

1 ~~whose certificate has expired pursuant to this subsection unless the~~  
2 ~~certified public accountant or public accountant complies with section~~  
3 ~~32-730, subsection H or section 32-748.~~

4 ~~D. The board shall, after notice and a hearing, suspend the~~  
5 ~~certificate of any certified public accountant or public accountant who fails~~  
6 ~~to show proof, in accordance with section 32-730, subsection D, of compliance~~  
7 ~~with the continuing professional education requirements established by the~~  
8 ~~board. If the board determines that the failure was for reasonable cause or~~  
9 ~~excusable neglect, the board may require compliance as expeditiously as~~  
10 ~~possible. If the certified public accountant or public accountant fails to~~  
11 ~~reinstate the certificate within twelve months after the date of suspension,~~  
12 ~~the certificate expires. The board shall not reinstate a certificate that~~  
13 ~~has expired pursuant to this subsection unless the certified public~~  
14 ~~accountant or public accountant complies with section 32-748 and all other~~  
15 ~~requirements for reinstatement.~~

16 ~~E. C. The board may take disciplinary action against a holder of a~~  
17 ~~certificate issued pursuant to this chapter who is practicing accounting even~~  
18 ~~if the person is not representing to the public that the person is a~~  
19 ~~certified public accountant or a public accountant and even if the person is~~  
20 ~~practicing accounting in a firm that is not registered by the board.~~

21 ~~F. D. The board may issue a letter of concern if, in the opinion of~~  
22 ~~the board, there is insufficient evidence to support disciplinary action~~  
23 ~~against the registrant, but the board believes, as a result of information~~  
24 ~~ascertained during an investigation, that continuation of the activities that~~  
25 ~~led to the investigation may result in future board action against the~~  
26 ~~registrant. A registrant may file a response with the board within thirty~~  
27 ~~days after receipt of a letter of concern. Letters of concern issued by the~~  
28 ~~board and records kept by the board in connection with investigations leading~~  
29 ~~to letters of concern are confidential and are not public records.~~

30 Sec. 14. Renumber

31 Section 32-741.01, Arizona Revised Statutes, is renumbered as section  
32 32-741.04.

33 Sec. 15. Title 32, chapter 6, article 3, Arizona Revised Statutes, is  
34 amended by adding a new section 32-741.01 and sections 32-741.02 and  
35 32-741.03, to read:

36 32-741.01. Suspension for nonregistration; expiration of  
37 certificate

38 A. THE CERTIFICATE OF ANY REGISTRANT WHO FAILS TO TIMELY REGISTER AND  
39 PAY THE BIENNIAL REGISTRATION FEE AS REQUIRED BY SECTION 32-729 IS  
40 AUTOMATICALLY SUSPENDED WITHOUT PRIOR NOTICE OR A HEARING.

41 B. A REGISTRANT WHOSE CERTIFICATE IS SUSPENDED SHALL NOT ASSUME OR USE  
42 THE TITLE OR DESIGNATION OF "CERTIFIED PUBLIC ACCOUNTANT" OR "PUBLIC  
43 ACCOUNTANT" OR THE ABBREVIATION "C.P.A.", "CPA", "P.A." OR "PA" WHILE THE  
44 REGISTRANT'S CERTIFICATE REMAINS ON SUSPENDED STATUS.

1 C. A SUSPENSION UNDER THIS SECTION IS VACATED WHEN THE BOARD HAS  
2 DETERMINED THAT THE REGISTRANT HAS PAID ALL PAST DUE FEES AND HAS SATISFIED  
3 ALL OTHER REQUIREMENTS FOR RENEWAL.

4 D. IF THE REGISTRANT FAILS TO RENEW THE REGISTRANT'S REGISTRATION  
5 WITHIN TWELVE MONTHS AFTER THE DATE OF SUSPENSION, THE CERTIFICATE EXPIRES.

6 32-741.02. Suspension for noncompliance with continuing  
7 education requirements; expiration of certificate

8 A. AFTER NOTICE AND AN OPPORTUNITY FOR A HEARING, THE BOARD SHALL  
9 SUSPEND THE CERTIFICATE OF ANY REGISTRANT WHO FAILS TO SHOW PROOF OF  
10 COMPLIANCE WITH THE CONTINUING PROFESSIONAL EDUCATION REQUIREMENTS  
11 ESTABLISHED BY THE BOARD PURSUANT TO SECTION 32-730.

12 B. A REGISTRANT WHOSE CERTIFICATE IS SUSPENDED SHALL NOT ASSUME OR USE  
13 THE TITLE OR DESIGNATION OF "CERTIFIED PUBLIC ACCOUNTANT" OR "PUBLIC  
14 ACCOUNTANT" OR THE ABBREVIATION "C.P.A.", "CPA", "P.A." OR "PA" WHILE THE  
15 REGISTRANT'S CERTIFICATE REMAINS ON SUSPENDED STATUS.

16 C. A SUSPENSION ISSUED UNDER THIS SECTION IS VACATED WHEN THE BOARD  
17 HAS DETERMINED THAT THE REGISTRANT HAS COMPLIED WITH THE CONTINUING  
18 PROFESSIONAL EDUCATION REQUIREMENTS AND HAS SATISFIED ALL OTHER REQUIREMENTS  
19 FOR RENEWAL.

20 D. IF THE REGISTRANT FAILS TO MEET THE REQUIREMENTS OF SUBSECTION C OF  
21 THIS SECTION WITHIN TWELVE MONTHS AFTER THE DATE OF SUSPENSION, THE  
22 CERTIFICATE EXPIRES.

23 32-741.03. Revoked certificate; qualifications for new  
24 certificate

25 A. IF THE BOARD REVOKES THE CERTIFICATE OF AN INDIVIDUAL REGISTRANT,  
26 THE INDIVIDUAL SHALL RETURN THE CERTIFICATE TO THE BOARD. IF THE INDIVIDUAL  
27 IS UNABLE TO RETURN THE CERTIFICATE, THE INDIVIDUAL MUST SIGN AND SUBMIT TO  
28 THE BOARD AN AFFIDAVIT ON A FORM PRESCRIBED BY THE BOARD STATING THAT THE  
29 INDIVIDUAL IS UNABLE TO RETURN THE CERTIFICATE TO THE BOARD.

30 B. AN INDIVIDUAL WHOSE CERTIFICATE HAS BEEN REVOKED SHALL NOT ASSUME  
31 OR USE THE TITLE OR DESIGNATION OF "CERTIFIED PUBLIC ACCOUNTANT" OR "PUBLIC  
32 ACCOUNTANT" OR THE ABBREVIATION "C.P.A.", "CPA", "P.A." OR "PA".

33 C. EXCEPT AS OTHERWISE PROVIDED IN THIS SUBSECTION, THE BOARD SHALL  
34 NOT ISSUE A CERTIFICATE TO AN INDIVIDUAL WHOSE CERTIFICATE HAS BEEN REVOKED  
35 UNTIL FIVE YEARS AFTER THE EFFECTIVE DATE OF REVOCATION. IF THE REVOCATION  
36 IS BASED ONLY ON SECTION 32-741, SUBSECTION A, PARAGRAPH 1 OR 2 AND THE  
37 CRIMINAL CONVICTION IS ULTIMATELY REVERSED ON APPEAL, THE BOARD SHALL ENTER  
38 AN ORDER VACATING THE REVOCATION.

39 D. AN INDIVIDUAL WHOSE CERTIFICATE HAS BEEN REVOKED MAY APPLY FOR AND  
40 THE BOARD MAY ISSUE A NEW CERTIFICATE IF THE INDIVIDUAL DOES ALL OF THE  
41 FOLLOWING:

42 1. FILES AN APPLICATION FOR REINSTATEMENT ON A FORM PRESCRIBED BY THE  
43 BOARD AND PAYS THE REINSTATEMENT APPLICATION FEE PURSUANT TO SECTION 32-729.

44 2. DEMONSTRATES THROUGH SUBSTANTIAL EVIDENCE PRESENTED TO THE BOARD  
45 THAT THE INDIVIDUAL IS COMPLETELY REHABILITATED WITH RESPECT TO THE CONDUCT

1 THAT WAS THE BASIS OF THE REVOCATION OF THE CERTIFICATE. DEMONSTRATION OF  
2 REHABILITATION SHALL INCLUDE EVIDENCE OF THE FOLLOWING:

3 (a) THE INDIVIDUAL HAS NOT ENGAGED IN ANY CONDUCT DURING THE  
4 REVOCATION PERIOD THAT, IF THE INDIVIDUAL HAD BEEN REGISTERED DURING THE  
5 PERIOD, WOULD HAVE CONSTITUTED A BASIS FOR REVOCATION OR SUSPENSION PURSUANT  
6 TO SECTION 32-741.

7 (b) WITH RESPECT TO ANY CRIMINAL CONVICTION THAT CONSTITUTES ANY PART  
8 OF THE BASIS FOR THE PREVIOUS REVOCATION, CIVIL RIGHTS HAVE BEEN FULLY  
9 RESTORED PURSUANT TO STATUTE OR AN APPLICABLE RECOGNIZED JUDICIAL OR  
10 GUBERNATORIAL ORDER.

11 (c) RESTITUTION HAS BEEN MADE AS ORDERED BY THE BOARD OR BY A COURT OF  
12 COMPETENT JURISDICTION AS A RESULT OF THE INDIVIDUAL'S VIOLATION OF THIS  
13 CHAPTER OR RULES ADOPTED PURSUANT TO THIS CHAPTER.

14 (d) OTHER EVIDENCE OF REHABILITATION THAT THE BOARD DEEMS APPROPRIATE.

15 3. SUBMITS PROOF THAT THE INDIVIDUAL HAS SATISFIED CONTINUING  
16 PROFESSIONAL EDUCATION REQUIREMENTS AS PRESCRIBED BY THE BOARD.

17 4. IF NOT WAIVED BY THE BOARD, PRESENTS SATISFACTORY EVIDENCE FROM AN  
18 ACCREDITED INSTITUTION OR A COLLEGE OR UNIVERSITY THAT MAINTAINS STANDARDS  
19 COMPARABLE TO THOSE OF AN ACCREDITED INSTITUTION THAT THE INDIVIDUAL HAS  
20 COMPLETED AT LEAST ONE HUNDRED FIFTY SEMESTER HOURS OF EDUCATION AS FOLLOWS:

21 (a) AT LEAST THIRTY-SIX SEMESTER HOURS ARE ACCOUNTING COURSES OF WHICH  
22 AT LEAST THIRTY SEMESTER HOURS ARE UPPER LEVEL COURSES.

23 (b) AT LEAST THIRTY SEMESTER HOURS ARE RELATED COURSES.

24 5. IF PRESCRIBED BY THE BOARD, PRESENTS EVIDENCE THAT THE INDIVIDUAL  
25 HAS RETAKEN AND PASSED THE UNIFORM CERTIFIED PUBLIC ACCOUNTANT EXAMINATION.

26 6. ON BOARD APPROVAL OF REINSTATEMENT, PAYS THE REGISTRATION FEE  
27 PURSUANT TO SECTION 32-729.

28 Sec. 16. Section 32-741.04, Arizona Revised Statutes, as renumbered by  
29 this act, is amended to read:

30 32-741.04. Relinquishment of certificate with disciplinary  
31 proceedings pending; qualifications for new  
32 certificate

33 A. A certified public accountant or public accountant ~~against whom~~  
34 ~~disciplinary proceedings have been initiated~~ may relinquish his THE  
35 INDIVIDUAL'S certificate to the board during the course of the board's  
36 ~~investigation~~ PENDING OR IN LIEU OF AN INVESTIGATION OR DISCIPLINARY  
37 PROCEEDINGS OR WHILE UNDER A DISCIPLINARY ORDER. The board shall consider a  
38 relinquishment tendered by a certified public accountant or public accountant  
39 pursuant to this section and shall determine whether to accept the  
40 relinquishment. The board shall issue an order documenting its decision.

41 B. ~~A certified public accountant or public accountant who relinquishes~~  
42 ~~a certificate pursuant to this section loses the right to practice accounting~~  
43 ~~as a certified public accountant or public accountant in this state.~~

1 B. AN INDIVIDUAL WHOSE CERTIFICATE HAS BEEN RELINQUISHED SHALL NOT  
2 ASSUME OR USE THE TITLE OR DESIGNATION OF "CERTIFIED PUBLIC ACCOUNTANT" OR  
3 "PUBLIC ACCOUNTANT" OR THE ABBREVIATION "C.P.A.", "CPA", "P.A." OR "PA".

4 C. ~~A person~~ AN INDIVIDUAL who relinquishes a certificate pursuant to  
5 this section ~~and who desires to~~ MAY apply for REINSTATEMENT AND THE BOARD MAY  
6 ISSUE a new certificate ~~shall meet~~ IF THE INDIVIDUAL DOES all of the  
7 ~~requirements for applicants for initial certification pursuant to section~~  
8 ~~32-721.~~ FOLLOWING:

9 1. FILES AN APPLICATION FOR REINSTATEMENT ON THE FORM PRESCRIBED BY  
10 THE BOARD AND PAYS THE REINSTATEMENT APPLICATION FEE PURSUANT TO SECTION  
11 32-729.

12 2. DEMONSTRATES THROUGH SUBSTANTIAL EVIDENCE PRESENTED TO THE BOARD  
13 THAT THE INDIVIDUAL IS COMPLETELY REHABILITATED WITH RESPECT TO THE CONDUCT  
14 THAT WAS PENDING AT THE TIME OF RELINQUISHMENT. DEMONSTRATION OF  
15 REHABILITATION SHALL INCLUDE EVIDENCE OF THE FOLLOWING:

16 (a) THE INDIVIDUAL HAS NOT ENGAGED IN ANY CONDUCT DURING THE  
17 RELINQUISHMENT PERIOD THAT, IF THE INDIVIDUAL HAD BEEN REGISTERED DURING THE  
18 PERIOD, WOULD HAVE CONSTITUTED A BASIS FOR REVOCATION OR SUSPENSION PURSUANT  
19 TO SECTION 32-741.

20 (b) WITH RESPECT TO ANY CRIMINAL CONVICTION THAT CONSTITUTES ANY PART  
21 OF THE BASIS FOR THE RELINQUISHMENT, CIVIL RIGHTS HAVE BEEN FULLY RESTORED  
22 PURSUANT TO STATUTE OR AN APPLICABLE RECOGNIZED JUDICIAL OR GUBERNATORIAL  
23 ORDER.

24 (c) THE INDIVIDUAL HAS ADDRESSED OR REDEEMED ANY COMPLAINTS,  
25 INVESTIGATIONS OR ANY BOARD ORDER REQUIREMENTS THAT ARE PENDING OR  
26 OUTSTANDING AT THE TIME OF RELINQUISHMENT.

27 (d) OTHER EVIDENCE OF REHABILITATION THAT THE BOARD DEEMS APPROPRIATE.

28 3. SUBMITS PROOF THAT THE INDIVIDUAL HAS SATISFIED CONTINUING  
29 EDUCATION REQUIREMENTS AS PRESCRIBED BY THE BOARD.

30 4. IF NOT WAIVED BY THE BOARD, PRESENTS SATISFACTORY EVIDENCE FROM AN  
31 ACCREDITED INSTITUTION OR A COLLEGE OR UNIVERSITY THAT MAINTAINS STANDARDS  
32 COMPARABLE TO THOSE OF AN ACCREDITED INSTITUTION THAT THE INDIVIDUAL HAS  
33 COMPLETED AT LEAST ONE HUNDRED FIFTY SEMESTER HOURS OF EDUCATION AS FOLLOWS:

34 (a) AT LEAST THIRTY-SIX SEMESTER HOURS ARE ACCOUNTING COURSES OF WHICH  
35 AT LEAST THIRTY SEMESTER HOURS ARE UPPER LEVEL COURSES.

36 (b) AT LEAST THIRTY SEMESTER HOURS ARE RELATED COURSES.

37 5. IF PRESCRIBED BY THE BOARD, PRESENTS EVIDENCE THAT THE INDIVIDUAL  
38 HAS RETAKEN AND PASSED THE UNIFORM CERTIFIED PUBLIC ACCOUNTANT EXAMINATION.

39 6. ON BOARD APPROVAL OF REINSTATEMENT, PAYS THE REGISTRATION FEE  
40 PURSUANT TO SECTION 32-729.

41 ~~C.~~ D. If the board accepts the relinquishment of a certificate of a  
42 certified public accountant or public accountant, the person shall return the  
43 certificate to the board and shall attach to the certificate a document that  
44 is signed and dated and that is in substantially the following form:

1 I, (insert name of registrant), acknowledge that disciplinary  
2 proceedings have been initiated against me pursuant to title 32,  
3 chapter 6, article 3, Arizona Revised Statutes, and I relinquish  
4 my right to practice accounting as a (insert either "certified  
5 public accountant" or "public accountant") in the state of  
6 Arizona. I understand that if I choose to apply for a new  
7 certificate, I must meet all requirements for ~~initial~~  
8 certification pursuant to section ~~32-721~~ 32-741.04, Arizona  
9 Revised Statutes. I further understand that, in deciding  
10 whether to issue a new certificate to me, the board will  
11 consider all disciplinary actions currently pending against me  
12 and any other matters it determines to be appropriate.

13 Sec. 17. Section 32-742, Arizona Revised Statutes, is amended to read:  
14 32-742. Revocation or suspension of firm's certificate; failure  
15 to reinstate

16 A. After notice and an opportunity for a hearing, the board shall  
17 revoke a firm's registration to practice public accounting if at any time it  
18 does not have all the qualifications prescribed by this chapter.

19 B. After notice and an opportunity for a hearing, the board may revoke  
20 or suspend a firm's registration to practice public accounting and may  
21 additionally take disciplinary action concerning the registrant for any of  
22 the causes enumerated in section 32-741, subsection A or for any of the  
23 following additional causes:

24 1. The revocation or suspension of any certificate issued by the board  
25 of any partner, shareholder, member, manager, officer, director, agent or  
26 employee of the firm.

27 2. The cancellation, revocation, suspension or refusal to renew the  
28 authority of the firm or any Arizona partner, shareholder, member, manager,  
29 officer, director, agent or employee to practice public accounting in any  
30 other state for any cause other than failure to pay an annual registration  
31 fee in the other state.

32 C. The board shall suspend, without notice or hearing, the  
33 registration to practice public accounting of any firm that fails to register  
34 and pay the biennial registration fee as required by section 32-730. Terms  
35 of a suspension issued under this subsection shall include a provision that  
36 the suspension shall be vacated when the registrant has paid all past due  
37 fees and penalties. ~~The board may waive the collection of any fee or penalty~~  
38 ~~after suspension under conditions the board deems justifiable.~~ If the firm  
39 fails to reinstate its registration within twelve months after the date of  
40 suspension, the registration expires.

41 D. A FIRM WHOSE REGISTRATION HAS EXPIRED FOR FAILURE TO RENEW MAY  
42 APPLY FOR REINSTATEMENT. THE BOARD MAY REINSTATE THE REGISTRATION IF THE  
43 FIRM MEETS ALL OF THE FOLLOWING REQUIREMENTS:

44 1. FILES AN APPLICATION ON A FORM PRESCRIBED BY THE BOARD.

1           2. HAS NOT ENGAGED IN ANY CONDUCT THAT WOULD CONSTITUTE GROUNDS FOR  
2 REVOCATION OR SUSPENSION OF A REGISTRATION PURSUANT TO SECTION 32-741.

3           3. ON BOARD APPROVAL OF REINSTATEMENT, PAYS THE REGISTRATION FEE  
4 PURSUANT TO SECTION 32-729.

5           Sec. 18. Section 32-747, Arizona Revised Statutes, is amended to read:  
6 32-747. Unlawful use of designation or abbreviation;  
7 classification

8           A. An individual who has received from the board a certificate to  
9 practice as a certified public accountant or as a public accountant issued  
10 under the laws of the state or who is a limited reciprocity privilege holder  
11 under section 32-725 shall be known as a "certified public accountant" or  
12 "public accountant", in accordance with the certificate or the privilege and  
13 may also use the abbreviation "C.P.A.", "CPA", "P.A." or "PA", in accordance  
14 with the certificate or the privilege UNLESS THE STATUS OF THE CERTIFICATE IS  
15 CANCELED, EXPIRED, SUSPENDED, RELINQUISHED OR REVOKED. No other individual  
16 or firm shall assume or use any title, designation or abbreviation or any  
17 other title, designation, sign, card or device in this state tending to  
18 indicate that the individual or firm using it is authorized to practice  
19 public accounting or is a certified public accountant or a public accountant.

20           B. No individual or firm shall when referring to accounting or  
21 accounting practices assume or use the title or designation "chartered  
22 accountant", "certified accountant", "enrolled accountant", "registered  
23 accountant", "licensed accountant", "certified tax accountant", "certified  
24 tax consultant" or any other title or designation likely or intended to be  
25 confused with "certified public accountant" or "public accountant" unless the  
26 individual or firm has received from the board a certificate to practice as a  
27 certified public accountant or as a public accountant issued under the laws  
28 of this state, the individual is a limited reciprocity privilege holder under  
29 section 32-725 or the partnership, corporation or other entity is permitted  
30 to practice accounting in this state pursuant to section 32-725,  
31 subsection G. No individual or firm shall assume or use any of the  
32 abbreviations "C.A.", "E.A.", "R.A.", "C.T.A.", "C.T.C.", "L.A." or similar  
33 abbreviations likely or intended to be confused with "C.P.A.", "CPA", "P.A."  
34 or "PA". An individual who is qualified as a certified public accountant in  
35 this state and who also holds a comparable title under the laws of another  
36 country may use the title in conjunction with the title "certified public  
37 accountant", "C.P.A." or "CPA", and an individual enrolled to practice before  
38 the internal revenue service and recognized as an enrolled agent may use the  
39 abbreviation "E.A.".

40           C. This section does not apply to or affect or limit the right to  
41 continuous use of a partnership name, or a modification of a partnership  
42 name, by successor firms formed by the remaining partner or partners or added  
43 partner or partners even though the individuals whose names are included in  
44 the partnership name are not partners, but the successor firm shall conform  
45 to all other provisions of this chapter. This section does not apply to or

1 affect or limit the right to continuous use of a professional corporation's  
2 name as provided pursuant to this chapter or title 10, chapter 20 or a  
3 professional limited liability company's name pursuant to this chapter or  
4 title 29, chapter 4.

5 D. No corporation or professional limited liability company shall be  
6 permitted to practice public accounting in this state, except that this  
7 subsection does not apply to a professional corporation incorporated under  
8 the laws of this state or to a professional limited liability company, either  
9 of which is properly qualified to do business within this state and is  
10 otherwise qualified to practice accounting under this chapter.

11 E. If an individual violates this chapter, or represents himself to  
12 the public as having received a certificate or registration to practice after  
13 a certificate or registration has been revoked or suspended, the individual  
14 is guilty of a class 2 misdemeanor unless another classification is  
15 specifically prescribed in this chapter. Each day an offense is committed  
16 constitutes a separate offense.

17 F. The displaying or uttering by an individual or firm of any card,  
18 sign, advertisement or other printed, engraved or written instrument or  
19 device bearing an individual's or firm's name and intended to be confused  
20 with the words "certified public accountant" or "public accountant" or an  
21 abbreviation of either shall be prima facie evidence in a prosecution,  
22 proceeding or hearing brought under this section that the individual or firm  
23 whose name is so displayed caused or procured the displaying or uttering of  
24 the card, sign, advertisement or other printed, engraved or written  
25 instrument or device.

26 Sec. 19. Section 32-747.01, Arizona Revised Statutes, is amended to  
27 read:

28 32-747.01. Attest services; requirements

29 Except as provided in section 32-725, subsection G, an individual who  
30 holds a certificate issued by the board to practice as a certified public  
31 accountant or a public accountant may provide ~~restricted financial~~ ATTEST  
32 services only if the individual provides ~~restricted financial~~ ATTEST services  
33 through a firm registered pursuant to this chapter.

34 Sec. 20. Repeal

35 Section 32-748, Arizona Revised Statutes, is repealed.

36 Sec. 21. Certified public accountant certificates; firm  
37 registrations; suspension; expiration

38 A. Notwithstanding any other law, a certificate of a certified public  
39 accountant or public accountant that was suspended for nonregistration by the  
40 Arizona state board of accountancy before July 21, 1997, and that remains  
41 suspended on the effective date of this act is expired.

42 B. Notwithstanding any other law, a firm registration to practice  
43 public accounting that was suspended for nonregistration by the Arizona board  
44 of accountancy before September 26, 2008, and that remains suspended on the  
45 effective date of this act is expired.

~~APPROVED BY THE GOVERNOR APRIL 29, 2013.~~

~~FILED IN THE OFFICE OF THE SECRETARY OF STATE APRIL 30, 2013.~~

Passed the House February 19, 2013

Passed the Senate April 18, 2013

by the following vote: 59 Ayes,

by the following vote: 27 Ayes,

0 Nays, 1 Not Voting

1 Nays, 2 Not Voting

[Signature]  
Speaker of the House

[Signature]  
President of the Senate

[Signature]  
Chief Clerk of the House

[Signature]  
Secretary of the Senate

EXECUTIVE DEPARTMENT OF ARIZONA  
OFFICE OF GOVERNOR

~~This Bill received by the Governor this  
\_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_  
at \_\_\_\_\_ o'clock \_\_\_\_\_ M.  
\_\_\_\_\_  
Secretary to the Governor~~

Approved this \_\_\_\_\_ day of \_\_\_\_\_  
\_\_\_\_\_  
at \_\_\_\_\_ o'clock \_\_\_\_\_ M.  
\_\_\_\_\_  
Governor of Arizona

EXECUTIVE DEPARTMENT OF ARIZONA  
OFFICE OF SECRETARY OF STATE

~~This Bill received by the Secretary of State  
this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_  
at \_\_\_\_\_ o'clock \_\_\_\_\_ M.  
\_\_\_\_\_  
Secretary of State~~

H.B. 2260

HOUSE CONCURS IN SENATE  
AMENDMENTS AND FINAL PASSAGE

April 22, 2013,

by the following vote: 56 Ayes,

0 Nays, 4 Not Voting

[Signature]  
Speaker of the House

[Signature]  
Chief Clerk of the House

EXECUTIVE DEPARTMENT OF ARIZONA  
OFFICE OF GOVERNOR

This Bill was received by the Governor this  
25 day of April, 2013,

at 3:30 o'clock P M.

[Signature]  
Secretary to the Governor

Approved this 29<sup>th</sup> day of

April, 2013,

at 4:54 o'clock P. M.

[Signature]  
Governor of Arizona

EXECUTIVE DEPARTMENT OF ARIZONA  
OFFICE OF SECRETARY OF STATE

This Bill was received by the Secretary of State  
this 30<sup>th</sup> day of April, 2013,

at 9:35 o'clock AM M.

[Signature]  
Secretary of State

H.B. 2260