

REFERENCE TITLE: certified public accountants

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

HB 2260

Introduced by
Representative Forese, Senators Gallardo, Meza, Reagan: Representatives
Boyer, Campbell, Carter, Dial, Fann, Gray, Kavanagh, Tobin, Senator
McComish

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 SECTION 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 RECIPROCITY 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' accounting practice,
14 including, without limitation, restriction of audit or attest function
15 practice, restriction of tax practice or restriction of management advisory
16 practice.

17 (c) ~~Peer~~ PRE-ISSUANCE AND POST-ISSUANCE 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 ANOTHER COMPREHENSIVE BASIS
39 OF 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 accounting and that is established under the laws of any state or
3 foreign country, including a sole practitioner, partnership, professional
4 corporation, professional limited liability company, limited liability
5 company, limited liability partnership or any other entity recognized by the
6 board that has met the applicable requirements contained in sections 32-731
7 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 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 ~~(1)~~ (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 ANOTHER JURISDICTION, THE APPLICANT MUST
5 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 ITS EQUIVALENT OR HIGHER DEGREE from an
23 accredited institution or a college or university ~~maintaining~~ THAT MAINTAINS
24 standards comparable to those of an accredited institution that the applicant
25 has completed at least one hundred fifty semester hours of education of
26 which:
27 (a) At least thirty-six semester hours are NONDUPLICATIVE accounting
28 courses of which at least thirty semester hours are upper level 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 SHALL 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. Certified public accountant examination; qualifications

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

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

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

38 2. Eighteen semester hours in related courses. ~~Any transcripts~~
39 ~~submitted as evidence must be from an accredited institution or a college or~~
40 ~~university maintaining standards comparable to those of an accredited~~
41 ~~institution.~~

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

44 ~~D. All examinations provided for in this section shall be conducted in~~
45 ~~a manner prescribed by the board. The board may make use of all or any part~~

1 ~~of a certified public accountants' examination and advisory grading service,~~
2 ~~or both, as it deems appropriate to assist it in performing its duties.~~

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

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

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

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

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

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

38 Sec. 5. Repeal

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

40 Sec. 6. Section 32-725, Arizona Revised Statutes, is amended to read:

41 32-725. Limited reciprocity privilege; qualifications

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

1 B. To qualify to exercise the limited reciprocity privilege, an
2 individual must:

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

4 2. Not be the subject of suspension or revocation of a certificate as
5 provided by section 32-741 or relinquishment of a certificate as provided by
6 section ~~32-741.01~~ 32-741.04.

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

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

12 (i) At least one hundred fifty semester hours of college education,
13 including a baccalaureate degree ~~OR ITS EQUIVALENT OR A HIGHER DEGREE THAT IS~~
14 conferred by an accredited institution ~~OR A COLLEGE OR UNIVERSITY THAT~~
15 ~~MAINTAINS STANDARDS THAT ARE COMPARABLE TO THOSE OF AN ACCREDITED~~
16 ~~INSTITUTION.~~

17 (ii) A passing grade on the uniform certified public accountant
18 examination.

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

21 (b) The individual meets the qualifications prescribed in section
22 ~~32-726~~ 32-721, SUBSECTION C.

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

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

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

39 1. Shall:

40 (a) Comply with article 3 of this chapter and rules adopted pursuant
41 to article 3 of this chapter. In any investigation or other proceedings
42 conducted pursuant to article 3 of this chapter, an individual claiming
43 permission to practice as a certified public accountant in this state under
44 the limited reciprocity privilege has the burden of demonstrating that the
45 applicable requirements of subsection B of this section have been satisfied.

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

6 2. Is subject to:

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

9 (b) Service by either of the following:

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

13 (ii) Directly on the person.

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

20 1. Expert witness services.

21 2. Teaching or lecturing.

22 3. Other services as determined by the board.

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

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

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

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

38 4. The partnership, corporation or other entity does not have an
39 office in this state and does not represent that it has an office in this
40 state.

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

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

4 Sec. 7. Repeal

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

6 Sec. 8. Section 32-729, Arizona Revised Statutes, is amended to read:
7 32-729. Fees

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

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

19 ~~B. 2. The board shall establish and collect~~ A uniform fee from each
20 applicant for a certificate to be issued pursuant to section 32-721 ~~or~~
21 ~~32-724.~~

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

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

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

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

41 Sec. 9. Section 32-730, Arizona Revised Statutes, is amended to read:
42 32-730. Biennial registration; continuing education

43 A. Except as provided in subsection C of this section and in section
44 32-4301, the board shall ~~biennially~~ require every certified public
45 accountant, public accountant and firm to register ONCE EVERY TWO YEARS with

1 the board and pay a registration fee PURSUANT TO SECTION 32-729. ~~of not less~~
2 ~~than one hundred nor more than three hundred dollars during the month of the~~
3 ~~anniversary of the registrant's birth in the case of an individual or, in the~~
4 ~~case of a registered firm, during the month of the anniversary of the~~
5 ~~effective date of the firm's formation. In the administration of this~~
6 ~~section, registrants for less than two years shall be charged on a pro rata~~
7 ~~basis for the remainder of the registration period.~~

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

17 ~~1. Shall continue to biennially register with the board and pay the~~
18 ~~required fees.~~

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

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

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

29 ~~D. C.~~ C. At the time of registration, every certified public accountant
30 and public accountant, ~~shall~~ as a prerequisite to biennial registration,
31 ~~SHALL~~ submit to the board satisfactory proof, ~~in a manner prescribed by the~~
32 ~~board,~~ that the registrant has completed the continuing education
33 requirements established by the board. The board may grant an exemption ~~OR~~
34 ~~AN EXTENSION~~ from continuing professional education requirements for
35 registrants on a demonstration of good cause ~~as determined by the board.~~

36 ~~E. Except as otherwise provided in this chapter, a certified public~~
37 ~~accountant or public accountant who elects to place a certificate on inactive~~
38 ~~status may reactivate the certificate if the certificate has been inactive~~
39 ~~for six years or less by doing all of the following:~~

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

42 ~~2. Submitting proof that the certified public accountant or public~~
43 ~~accountant has satisfied continuing education requirements prescribed by the~~
44 ~~board in its rules.~~

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

4 ~~F. A registrant may reactivate an inactive certificate pursuant to~~
5 ~~subsection E of this section only one time. Reactivation of an inactive~~
6 ~~certificate pursuant to subsection E of this section is effective on the date~~
7 ~~that the application for reactivation is approved by the board. A~~
8 ~~certificate that is reactivated pursuant to subsection E of this section~~
9 ~~continues in effect through the date prescribed in subsection A of this~~
10 ~~section.~~

11 ~~G. A certificate that has been inactive for more than six years~~
12 ~~expires.~~

13 ~~H. A certified public accountant or public accountant whose~~
14 ~~certificate has expired or been canceled and who does not meet the good cause~~
15 ~~requirements of section 32-741 may apply for and reactivate or reinstate the~~
16 ~~certificate if the certified public accountant or public accountant meets all~~
17 ~~of the following requirements:~~

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

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

21 ~~3. Takes and passes the examination required of applicants for initial~~
22 ~~certification.~~

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

31 ~~J. Each firm established or maintained in this state for the purpose~~
32 ~~of a certified public accountant or a public accountant to practice~~
33 ~~accounting in this state shall register biennially under this chapter with~~
34 ~~the board. The board shall not charge a fee for registration of additional~~
35 ~~offices of the same firm or sole practitioner. The board shall prescribe by~~
36 ~~rule the required registration procedures for this subsection.~~

37 ~~K. A firm that is established or maintained in this state for the~~
38 ~~purpose of a certified public accountant or a public accountant practicing~~
39 ~~accounting in this state and that does not want to renew its registration may~~
40 ~~cancel its registration by submitting a written request on a form approved by~~
41 ~~the board. This subsection does not apply if a complaint has been filed with~~
42 ~~the board or disciplinary proceedings are pending against the firm.~~

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

4 32-730.01. Inactive status; reactivation; exception

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

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

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

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

19 3. IN THIS STATE SHALL NOT ASSUME OR USE THE TITLE OR DESIGNATION OF
20 "CERTIFIED PUBLIC ACCOUNTANT" OR "PUBLIC ACCOUNTANT" OR THE ABBREVIATION
21 "C.P.A.", "CPA", "P.A." OR "PA" WHILE THE REGISTRANT'S CERTIFICATE REMAINS ON
22 INACTIVE STATUS.

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

27 1. FILING AN APPLICATION FOR RENEWAL ON THE FORM PRESCRIBED BY THE
28 BOARD AND PAYING THE APPLICABLE FEES.

29 2. SUBMITTING PROOF THAT THE REGISTRANT HAS SATISFIED CONTINUING
30 EDUCATION REQUIREMENTS AS PRESCRIBED BY THE BOARD.

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

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

36 E. A CERTIFICATE EXPIRES IF IT HAS BEEN INACTIVE FOR MORE THAN SIX
37 YEARS.

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

40 32-730.02. Canceled status; reinstatement

41 A. A REGISTRANT MAY CANCEL A CERTIFICATE OR REGISTRATION BY SUBMITTING
42 A WRITTEN REQUEST ON A FORM PRESCRIBED BY THE BOARD. A REGISTRANT WHOSE
43 CERTIFICATE OR REGISTRATION IS UNDER A DISCIPLINARY ORDER BY THE BOARD OR
44 AGAINST WHOM DISCIPLINARY PROCEEDINGS HAVE BEEN INITIATED MAY NOT CANCEL THE
45 CERTIFICATE OR REGISTRATION.

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

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

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

11 2. FILES AN APPLICATION FOR REINSTATEMENT ON THE FORM PRESCRIBED BY
12 THE BOARD.

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

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

17 32-730.03. Expired status; reinstatement

18 A. A REGISTRANT'S CERTIFICATE IS EXPIRED IF THE REGISTRANT FAILS TO
19 REINSTATE THE CERTIFICATE WITHIN TWELVE MONTHS AFTER IT HAS BEEN SUSPENDED
20 PURSUANT TO SECTION 32-741.01 OR 32-741.02 OR FAILS TO REINSTATE A
21 CERTIFICATE THAT HAS BEEN ON INACTIVE STATUS FOR MORE THAN SIX YEARS.

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

27 C. AN INDIVIDUAL WHOSE CERTIFICATE HAS EXPIRED MAY APPLY FOR
28 REINSTATEMENT AND THE BOARD MAY REINSTATE THE CERTIFICATE IF THE INDIVIDUAL
29 MEETS ALL OF THE FOLLOWING REQUIREMENTS:

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

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

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

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

38 32-730.04. Retired status; reinstatement

39 A. A REGISTRANT WHO IS AT LEAST FIFTY-FIVE YEARS OF AGE, WHO HAS BEEN
40 A CERTIFIED PUBLIC ACCOUNTANT OR PUBLIC ACCOUNTANT IN ANY JURISDICTION FOR AT
41 LEAST TWENTY YEARS AND WHO IS NOT ACTIVELY ENGAGED IN THE PRACTICE OF
42 ACCOUNTING MAY REQUEST THAT THE REGISTRANT'S CERTIFICATE BE PLACED ON RETIRED
43 STATUS BY SUBMITTING A REQUEST ON A FORM APPROVED BY THE BOARD. A REGISTRANT
44 WHOSE CERTIFICATE IS UNDER A DISCIPLINARY ORDER BY THE BOARD OR AGAINST WHOM

1 DISCIPLINARY PROCEEDINGS HAVE BEEN INITIATED MAY NOT PLACE OR MAINTAIN A
2 CERTIFICATE ON RETIRED STATUS.

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

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

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

8 3. SHALL NOT ASSUME OR USE THE TITLE OR DESIGNATION OF "CERTIFIED
9 PUBLIC ACCOUNTANT" OR "PUBLIC ACCOUNTANT" OR THE ABBREVIATION "C.P.A.",
10 "CPA", "P.A." OR "PA" UNLESS ACCOMPANIED BY THE WORD "RETIRED" OR THE
11 ABBREVIATION "RET" WHILE THE REGISTRANT'S CERTIFICATE REMAINS ON RETIRED
12 STATUS UNLESS THE REGISTRANT QUALIFIES FOR LIMITED RECIPROCITY PRIVILEGE
13 PURSUANT TO SECTION 32-725.

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

16 (a) FILES AN APPLICATION FOR REINSTATEMENT ON A FORM PRESCRIBED BY THE
17 BOARD AND PAYS THE REINSTATEMENT APPLICATION FEE PURSUANT TO SECTION 32-729.

18 (b) HAS NOT ENGAGED IN ANY CONDUCT THAT WOULD CONSTITUTE GROUNDS FOR
19 REVOCATION OR SUSPENSION OF A CERTIFICATE PURSUANT TO SECTION 32-741.

20 (c) SUBMITS PROOF THAT THE REGISTRANT HAS SATISFIED CONTINUING
21 EDUCATION REQUIREMENTS AS PRESCRIBED BY THE BOARD.

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

24 Sec. 11. Section 32-731, Arizona Revised Statutes, is amended to read:
25 32-731. Certified public accountant partnership: qualifications

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

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

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

41 B. A partnership registered with the board pursuant to this section
42 may include owners who are not certified pursuant to this chapter if all of
43 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 attest function services are also offered or
6 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 or furnish information in a timely manner to the
21 board or its designated agent, if the information is legally requested by the
22 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 AUTOMATICALLY VACATED WHEN THE
2 REGISTRANT HAS PAID ALL PAST DUE FEES AND HAS SATISFIED ALL OTHER
3 REQUIREMENTS FOR RENEWAL.

4 D. IF THE REGISTRANT FAILS TO REINSTATE THE CERTIFICATE WITHIN TWELVE
5 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 EDUCATION REQUIREMENTS ESTABLISHED BY THE
11 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 EDUCATION
18 REQUIREMENTS AND HAS SATISFIED ALL OTHER REQUIREMENTS FOR RENEWAL.

19 D. IF THE REGISTRANT FAILS TO REINSTATE THE CERTIFICATE WITHIN TWELVE
20 MONTHS AFTER THE DATE OF SUSPENSION, THE CERTIFICATE EXPIRES.

21 32-741.03. Revoked certificate; qualifications for new
22 certificate

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

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

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

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

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

42 2. DEMONSTRATES THROUGH SUBSTANTIAL EVIDENCE PRESENTED TO THE BOARD
43 THAT THE INDIVIDUAL IS COMPLETELY REHABILITATED WITH RESPECT TO THE CONDUCT
44 THAT WAS THE BASIS OF THE REVOCATION OF THE CERTIFICATE. DEMONSTRATION OF
45 REHABILITATION SHALL INCLUDE EVIDENCE OF THE FOLLOWING:

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

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

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

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

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

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

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

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

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

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

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

28 32-741.04. Relinquishment of certificate with disciplinary
29 proceedings pending; qualifications for new
30 certificate

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

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

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

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

6 1. FILES AN APPLICATION FOR REINSTATEMENT ON THE FORM PRESCRIBED BY
7 THE BOARD AND PAYS THE REINSTATEMENT APPLICATION FEE PURSUANT TO SECTION
8 32-729.

9 2. DEMONSTRATES THROUGH SUBSTANTIAL EVIDENCE PRESENTED TO THE BOARD
10 THAT THE INDIVIDUAL IS COMPLETELY REHABILITATED WITH RESPECT TO THE CONDUCT
11 THAT WAS THE BASIS OF THE RELINQUISHMENT OF THE CERTIFICATE. DEMONSTRATION
12 OF REHABILITATION SHALL INCLUDE EVIDENCE OF THE FOLLOWING:

13 (a) THE INDIVIDUAL HAS NOT ENGAGED IN ANY CONDUCT DURING THE
14 RELINQUISHMENT PERIOD THAT, IF THE INDIVIDUAL HAD BEEN REGISTERED DURING THE
15 PERIOD, WOULD HAVE CONSTITUTED A BASIS FOR REVOCATION OR SUSPENSION PURSUANT
16 TO SECTION 32-741 OR 32-742.

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

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

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

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

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

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

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

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

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

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

42 I, (insert name of registrant), acknowledge that disciplinary
43 proceedings have been initiated against me pursuant to title 32,
44 chapter 6, article 3, Arizona Revised Statutes, and I relinquish
45 my right to practice accounting as a (insert either "certified

1 public accountant" or "public accountant") in the state of
2 Arizona. I understand that if I choose to apply for a new
3 certificate, I must meet all requirements for ~~initial~~
4 certification pursuant to section ~~32-721~~ 32-741.04, Arizona
5 Revised Statutes. I further understand that, in deciding
6 whether to issue a new certificate to me, the board will
7 consider all disciplinary actions currently pending against me
8 and any other matters it determines to be appropriate.
9 Sec. 17. Section 32-747.01, Arizona Revised Statutes, is amended to
10 read:
11 32-747.01. Attest services; requirements
12 Except as provided in section 32-725, subsection G, an individual who
13 holds a certificate issued by the board to practice as a certified public
14 accountant or a public accountant may provide ~~restricted financial~~ ATTEST
15 services only if the individual provides ~~restricted financial~~ ATTEST services
16 through a firm registered pursuant to this chapter.
17 Sec. 18. Repeal
18 Section 32-748, Arizona Revised Statutes, is repealed.