

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
45 KNOWLEDGE TO DEVELOP AN ANALYTICAL APPROACH TO PROCESS AND TO PRESENT
46 FINDINGS, CONCLUSIONS OR RECOMMENDATIONS.

1 ~~5-~~ 9. "Conviction" means a judgment of conviction by any state or
2 federal court of competent jurisdiction in a criminal cause, regardless of
3 whether an appeal is pending or could be taken, and includes any judgment or
4 order based on a plea of no contest.

5 ~~6-~~ 10. "Disciplinary action" means any other regulatory sanctions
6 imposed by the board in combination with, or as an alternative to, revocation
7 or suspension of a certificate or registration, including the imposition of:

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

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

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

16 (d) Professional education requirements.

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

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

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

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

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

30 ~~7-~~ 12. "Federal securities laws" means the securities act of 1933,
31 the securities exchange act of 1934, the public utility holding company act
32 of 1935 and the investment company act of 1940, as amended.

33 13. "FINANCIAL STATEMENTS":

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

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

42 (c) DOES NOT INCLUDE TAX RETURNS OR INFORMATION CONTAINED IN TAX
43 RETURNS.

44 ~~8-~~ 14. "Firm" means a business organization that is engaged in the
45 practice of PUBLIC accounting and that is established under the laws of any
46 state or foreign country, including a sole practitioner, partnership,

1 professional corporation, professional limited liability company, limited
2 liability company, limited liability partnership or any other entity
3 recognized by the board that has met the applicable requirements contained in
4 sections 32-731 and 32-732.

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

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

15 ~~9-~~ 16. "Letter of concern" means an advisory letter to notify a
16 registrant that, while the evidence does not warrant disciplinary action, the
17 board believes that the registrant should modify or eliminate certain
18 practices and that continuation of the activities that led to the evidence
19 being submitted to the board may result in board action against the
20 registrant. A letter of concern is not a disciplinary action.

21 ~~10-~~ 17. "Limited reciprocity privilege" means the permission to
22 practice as a certified public accountant in this state pursuant to section
23 32-725 for an individual whose principal place of business is outside of this
24 state.

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

28 ~~11-~~ 19. "Practice of accounting" means providing ~~any~~ accounting
29 services, ~~including recording and summarizing financial transactions,~~
30 ~~analyzing and verifying financial information, examining, reviewing and~~
31 ~~reporting on financial statements, reporting financial results to an~~
32 ~~employer, clients or other parties and rendering attestation, tax and~~
33 ~~management advisory services to an employer, clients or other parties~~ FOR A
34 CLIENT OR AN EMPLOYER.

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

39 ~~12-~~ 21. "Principal place of business" means the office designated by
40 the individual or firm as the principal location for the practice of
41 accounting.

42 ~~13-~~ 22. "Public accountant" means an individual who has been issued a
43 certificate of authority by the board to practice as a public
44 accountant, ~~including an individual on inactive status.~~

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

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

6 ~~15.~~ 24. "Related courses" means:

- 7 (a) Business administration.
- 8 (b) Statistics.
- 9 (c) Computer science, information systems or data processing.
- 10 (d) Economics.
- 11 (e) Finance.
- 12 (f) Management.
- 13 (g) Business law.
- 14 (h) College algebra or more advanced mathematics.
- 15 (i) Advanced written communication.
- 16 (j) Advanced oral communication.
- 17 (k) Ethics.
- 18 (l) **MARKETING.**

19 ~~(1)~~ (m) Other courses closely related to the subject of accounting
20 and satisfactory to the board.

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

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

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

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

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

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

36 32-703. Powers and duties; rules; executive director; advisory
37 committees and individuals

38 A. The primary duty of the board is to protect the public from
39 unlawful, incompetent, unqualified or unprofessional certified public
40 accountants or public accountants through certification, regulation and
41 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.

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

1 12. Sue and be sued in its official name as an agency of this state.
2 13. Adopt and amend rules concerning the definition of terms, the
3 orderly conduct of the board's affairs and the effective administration of
4 this chapter.

5 C. The board or an authorized agent of the board may:
6 1. Issue subpoenas to compel the attendance of witnesses or the
7 production of documents. If a subpoena is disobeyed, the board may invoke
8 the aid of any court in requiring the attendance and testimony of witnesses
9 and the production of documents.

10 2. Administer oaths and take testimony.

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

14 4. Receive evidence concerning all matters within the scope of this
15 chapter.

16 Sec. 3. Section 32-721, Arizona Revised Statutes, is amended to read:
17 ~~32-721. Certified public accountants; qualifications~~

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

20 ~~1. Meets the requirement to take the examination pursuant to section~~
21 ~~32-723.~~

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

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

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

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

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

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

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

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

39 2. **IS AT LEAST EIGHTEEN YEARS OF AGE.**

40 3. **IS OF GOOD MORAL CHARACTER.**

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

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

45 **B. IF THE APPLICANT PASSES THE UNIFORM CERTIFIED PUBLIC ACCOUNTANT**
46 **EXAMINATION AND HAS NEVER BEEN CERTIFIED, REGISTERED OR LICENSED AS A**

1 CERTIFIED PUBLIC ACCOUNTANT IN THIS STATE OR ANOTHER JURISDICTION, THE
2 APPLICANT MUST COMPLY WITH BOTH OF THE FOLLOWING:

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

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

23 (a) At least thirty-six semester hours are NONDUPLICATIVE accounting
24 courses of which at least thirty semester hours are upper ~~level~~ DIVISION
25 courses.

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

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

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

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

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

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

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

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

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

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

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

9 D. IF AN APPLICANT PASSES THE INTERNATIONAL UNIFORM CERTIFIED PUBLIC
10 ACCOUNTANT QUALIFICATION EXAMINATION OF THE AMERICAN INSTITUTE OF CERTIFIED
11 PUBLIC ACCOUNTANTS, ALL OF THE FOLLOWING APPLY:

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

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

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

20 32-723. Uniform certified public accountant examination;
21 qualifications

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

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

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

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

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

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

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

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

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

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

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

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

36 Sec. 5. Repeal

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

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

39 32-725. Limited reciprocity privilege; qualifications

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

43 B. To qualify to exercise the limited reciprocity privilege, an
44 individual must:

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

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

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

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

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

13 (ii) A passing grade on the uniform certified public accountant
14 examination.

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

17 (b) The individual meets the qualifications prescribed in section
18 ~~32-726~~ 32-721, SUBSECTION C.

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

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

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

35 1. Shall:

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

42 (b) Cease the offering or practicing of accounting in person or by
43 mail, telephone or electronic means in this state if the individual no longer
44 satisfies the requirements of subsection B of this section or the
45 partnership, corporation or other entity no longer satisfies the requirements
46 of subsection G of this section.

1 2. Is subject to:

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

4 (b) Service by either of the following:

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

8 (ii) Directly on the person.

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

15 1. Expert witness services.

16 2. Teaching or lecturing.

17 3. Other services as determined by the board.

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

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

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

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

34 4. The partnership, corporation or other entity does not have an
35 office in this state and does not represent that it has an office in this
36 state.

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

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

43 Sec. 7. Repeal

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

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

46 32-729. Fees

1 ~~A.~~ The board shall establish and collect:
2 1. A uniform fee from ~~each~~ AN applicant for each ~~examination held~~
3 ~~INITIAL EXAMINATION AND REEXAMINATION APPLICATION~~ pursuant to section 32-723
4 to cover reasonable costs of ~~the examination. No additional fee shall be~~
5 ~~required from an applicant entitled to a certificate after having~~
6 ~~successfully passed the examination except as provided in subsection B of~~
7 ~~this section. If the board refuses to allow an applicant to take the~~
8 ~~examination, the board shall return to the applicant one half of the~~
9 ~~examination fee.~~ REVIEWING THE APPLICANT'S ELIGIBILITY TO TAKE THE
10 EXAMINATION AND FACILITATING THE APPLICANT TO TAKE THE EXAMINATION UNTIL THE
11 APPLICANT PASSES ALL SECTIONS.

12 ~~B.~~ 2. ~~The board shall establish and collect~~ A uniform fee from each
13 applicant for a certificate to be issued pursuant to section 32-721 ~~or~~
14 ~~32-724.~~

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

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

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

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

35 Sec. 9. Section 32-730, Arizona Revised Statutes, is amended to read:
36 32-730. Biennial registration; continuing professional
37 education

38 A. Except as provided in subsection C of this section and in section
39 32-4301, the board shall ~~biennially~~ require every certified public
40 accountant, public accountant and firm to register ~~ONCE EVERY TWO YEARS~~ with
41 the board and pay a registration fee ~~PURSUANT TO SECTION 32-729. of not less~~
42 ~~than one hundred nor more than three hundred dollars during the month of the~~
43 ~~anniversary of the registrant's birth in the case of an individual or, in the~~
44 ~~case of a registered firm, during the month of the anniversary of the~~
45 ~~effective date of the firm's formation. In the administration of this~~

1 ~~section, registrants for less than two years shall be charged on a pro rata~~
2 ~~basis for the remainder of the registration period.~~

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

12 ~~1. Shall continue to biennially register with the board and pay the~~
13 ~~required fees.~~

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

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

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

24 ~~D. C.~~ C. At the time of registration, every certified public accountant
25 and public accountant, ~~shall~~ as a prerequisite to biennial registration,
26 ~~SHALL~~ submit to the board satisfactory proof, ~~in a manner prescribed by the~~
27 ~~board,~~ that the registrant has completed the continuing **PROFESSIONAL**
28 education requirements established by the board. The board may grant ~~an~~ **A**
29 **FULL OR PARTIAL** exemption from **CONTINUING PROFESSIONAL EDUCATION REQUIREMENTS**
30 **OR AN EXTENSION OF TIME TO COMPLETE THE** continuing professional education
31 requirements for registrants on a demonstration of good cause ~~as determined~~
32 ~~by the board.~~

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

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

39 ~~2. Submitting proof that the certified public accountant or public~~
40 ~~accountant has satisfied continuing education requirements prescribed by the~~
41 ~~board in its rules.~~

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

45 ~~F. A registrant may reactivate an inactive certificate pursuant to~~
46 ~~subsection E of this section only one time. Reactivation of an inactive~~

1 ~~certificate pursuant to subsection E of this section is effective on the date~~
2 ~~that the application for reactivation is approved by the board. A~~
3 ~~certificate that is reactivated pursuant to subsection E of this section~~
4 ~~continues in effect through the date prescribed in subsection A of this~~
5 ~~section.~~

6 ~~G. A certificate that has been inactive for more than six years~~
7 ~~expires.~~

8 ~~H. A certified public accountant or public accountant whose~~
9 ~~certificate has expired or been canceled and who does not meet the good cause~~
10 ~~requirements of section 32-741 may apply for and reactivate or reinstate the~~
11 ~~certificate if the certified public accountant or public accountant meets all~~
12 ~~of the following requirements:~~

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

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

16 ~~3. Takes and passes the examination required of applicants for initial~~
17 ~~certification.~~

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

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

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

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

41 32-730.01. Inactive status; reactivation; exception

42 A. A REGISTRANT WHO IS NOT ACTIVELY ENGAGED IN THE PRACTICE OF
43 ACCOUNTING IN THIS STATE FOR A FEE OR OTHER COMPENSATION MAY REQUEST THAT THE
44 REGISTRANT'S CERTIFICATE BE PLACED ON INACTIVE STATUS BY MEETING THE
45 REQUIREMENTS FOR INACTIVE STATUS AND COMPLETING THE FORMS PRESCRIBED BY THE
46 BOARD. A REGISTRANT WHOSE CERTIFICATE IS UNDER A DISCIPLINARY ORDER BY THE

1 BOARD OR AGAINST WHOM DISCIPLINARY PROCEEDINGS HAVE BEEN INITIATED MAY NOT
2 PLACE OR MAINTAIN A CERTIFICATE ON INACTIVE STATUS.

3 B. A REGISTRANT WHOSE CERTIFICATE IS ON INACTIVE STATUS:
4 1. SHALL CONTINUE TO REGISTER ONCE EVERY TWO YEARS WITH THE BOARD AND
5 PAY FIFTY PER CENT OF THE REGISTRATION FEE AND ONE HUNDRED PER CENT OF ANY
6 APPLICABLE LATE FEE PURSUANT TO SECTION 32-729.
7 2. SHALL NOT ENGAGE IN THE PRACTICE OF ACCOUNTING IN THIS STATE FOR A
8 FEE OR OTHER COMPENSATION WHILE THE REGISTRANT'S CERTIFICATE REMAINS ON
9 INACTIVE STATUS.
10 3. IN THIS STATE SHALL NOT ASSUME OR USE THE TITLE OR DESIGNATION OF
11 "CERTIFIED PUBLIC ACCOUNTANT" OR "PUBLIC ACCOUNTANT" OR THE ABBREVIATION
12 "C.P.A.", "CPA", "P.A." OR "PA" WHILE THE REGISTRANT'S CERTIFICATE REMAINS ON
13 INACTIVE STATUS UNLESS ACCOMPANIED BY THE WORD "INACTIVE".

14 C. EXCEPT AS OTHERWISE PROVIDED IN THIS CHAPTER, A REGISTRANT WHO
15 ELECTS TO PLACE A CERTIFICATE ON INACTIVE STATUS MAY REACTIVATE THE
16 CERTIFICATE IF THE CERTIFICATE HAS BEEN INACTIVE FOR SIX YEARS OR LESS BY
17 DOING ALL OF THE FOLLOWING:
18 1. FILING AN APPLICATION FOR RENEWAL ON THE FORM PRESCRIBED BY THE
19 BOARD AND PAYING THE REGISTRATION FEE PURSUANT TO SECTION 32-729.
20 2. SUBMITTING PROOF THAT THE REGISTRANT HAS SATISFIED CONTINUING
21 PROFESSIONAL EDUCATION REQUIREMENTS AS PRESCRIBED BY THE BOARD.
22 3. AFFIRMING THAT THE REGISTRANT HAS NOT ENGAGED IN ANY CONDUCT THAT
23 WOULD CONSTITUTE GROUNDS FOR REVOCATION OR SUSPENSION OF A CERTIFICATE
24 PURSUANT TO SECTION 32-741.

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

27 E. A CERTIFICATE EXPIRES IF IT HAS BEEN INACTIVE FOR MORE THAN SIX
28 YEARS.

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

31 32-730.02. Canceled status; reinstatement

32 A. A REGISTRANT MAY CANCEL A CERTIFICATE OR REGISTRATION BY SUBMITTING
33 A WRITTEN REQUEST ON A FORM PRESCRIBED BY THE BOARD. A REGISTRANT WHOSE
34 CERTIFICATE OR REGISTRATION IS UNDER A DISCIPLINARY ORDER BY THE BOARD OR
35 AGAINST WHOM DISCIPLINARY PROCEEDINGS HAVE BEEN INITIATED MAY NOT CANCEL THE
36 CERTIFICATE OR REGISTRATION.

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

42 C. AN INDIVIDUAL WHOSE CERTIFICATE HAS BEEN CANCELED MAY APPLY FOR
43 REINSTATEMENT AND THE BOARD MAY REINSTATE THE CERTIFICATE IF THE INDIVIDUAL
44 MEETS ALL OF THE FOLLOWING REQUIREMENTS:
45 1. HAS NOT ENGAGED IN ANY CONDUCT THAT WOULD CONSTITUTE GROUNDS FOR
46 REVOCATION OR SUSPENSION OF A CERTIFICATE PURSUANT TO SECTION 32-741.

1 2. FILES AN APPLICATION FOR REINSTATEMENT ON THE FORM PRESCRIBED BY
2 THE BOARD AND PAYS THE REINSTATEMENT APPLICATION FEE PURSUANT TO SECTION
3 32-729.

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

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

8 32-730.03. Expired status; reinstatement

9 A. A REGISTRANT'S CERTIFICATE IS EXPIRED IF THE REGISTRANT FAILS TO
10 REINSTATE THE CERTIFICATE WITHIN TWELVE MONTHS AFTER IT HAS BEEN SUSPENDED
11 PURSUANT TO SECTION 32-741.01 OR 32-741.02 OR FAILS TO REINSTATE A
12 CERTIFICATE THAT HAS BEEN ON INACTIVE STATUS PURSUANT TO SECTION 32-730.01
13 FOR MORE THAN SIX YEARS.

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

19 C. AN INDIVIDUAL WHOSE CERTIFICATE HAS EXPIRED MAY APPLY FOR
20 REINSTATEMENT AND THE BOARD MAY REINSTATE THE CERTIFICATE IF THE INDIVIDUAL
21 MEETS ALL OF THE FOLLOWING REQUIREMENTS:

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

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

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

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

30 32-730.04. Retired status; reinstatement

31 A. A REGISTRANT WHO IS AT LEAST FIFTY-FIVE YEARS OF AGE, WHO HAS BEEN
32 A CERTIFIED PUBLIC ACCOUNTANT OR PUBLIC ACCOUNTANT IN ANY JURISDICTION FOR AT
33 LEAST TWENTY YEARS AND WHO IS NOT ACTIVELY ENGAGED IN THE PRACTICE OF
34 ACCOUNTING FOR A FEE OR OTHER COMPENSATION MAY REQUEST THAT THE REGISTRANT'S
35 CERTIFICATE BE PLACED ON RETIRED STATUS BY SUBMITTING A REQUEST ON A FORM
36 APPROVED BY THE BOARD. A REGISTRANT WHOSE CERTIFICATE IS UNDER A
37 DISCIPLINARY ORDER BY THE BOARD OR AGAINST WHOM DISCIPLINARY PROCEEDINGS HAVE
38 BEEN INITIATED MAY NOT PLACE OR MAINTAIN A CERTIFICATE ON RETIRED STATUS.

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

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

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

44 3. SHALL NOT ASSUME OR USE THE TITLE OR DESIGNATION OF "CERTIFIED
45 PUBLIC ACCOUNTANT" OR "PUBLIC ACCOUNTANT" OR THE ABBREVIATION "C.P.A.",
46 "CPA", "P.A." OR "PA" UNLESS ACCOMPANIED BY THE WORD "RETIRED" OR THE

1 ABBREVIATION "RET" WHILE THE REGISTRANT'S CERTIFICATE REMAINS ON RETIRED
2 STATUS.

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

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

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

8 Sec. 11. Section 32-731, Arizona Revised Statutes, is amended to read:
9 32-731. Certified public accountant partnership; qualifications

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

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

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

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

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

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

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

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

37 (ii) The professional services performed constitute the partner's
38 principal occupation.

39 (iii) The partner's interest in the public accounting partnership
40 reverts to the partnership if the partner stops performing services for the
41 partnership.

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

45 3. Any partner who is ultimately responsible for supervising attest
46 services in this state or the partner who signs any reports related to

1 ~~restricted-financial~~ ATTEST services on behalf of the partnership in this
2 state shall be certified pursuant to this chapter and shall meet the
3 experience requirements for carrying out these functions adopted by the board
4 in its rules.

5 4. The partnership complies with other requirements imposed by the
6 board in its rules.

7 C. Application for registration pursuant to this section shall be made
8 on affidavit of a partner of the partnership who is a certified public
9 accountant in good standing in this state. The board ~~shall~~ in each case
10 SHALL determine whether the applicant is eligible for registration. A
11 partnership that is registered pursuant to this section may use the words
12 "certified public accountants" or the abbreviation "C.P.A.'s" or "CPA's" in
13 connection with its partnership name as provided for by the board in its
14 rules. Partnerships registered pursuant to this chapter may provide
15 ~~restricted-financial~~ ATTEST services. Notification shall be given to the
16 board within one month of the termination of any partnership, or of the
17 admission to or withdrawal of an Arizona partner from any partnership
18 registered pursuant to this section.

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

25 E. An applicant for registration or a partnership registered pursuant
26 to this section shall notify the board in writing within one month of any
27 change of partners whose principal place of business is in this state, any
28 change in the number or location of offices of the partnership in this state,
29 any change in the identity of the individuals in charge of the partnership's
30 offices in this state and any issuance, denial, revocation or suspension of a
31 registration, license or permit by any other state.

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

38 ~~G.~~ F. A partnership that fails to comply with this section due to
39 changes in the ownership of the firm or personnel after receiving or renewing
40 the registration must take corrective action to comply with this section as
41 quickly as possible. The board may grant a reasonable period of time for the
42 firm to take these corrective actions. A failure to comply with these
43 requirements is grounds for suspension or revocation of the partnership
44 registration.

45 Sec. 12. Section 32-732, Arizona Revised Statutes, is amended to read:

46 32-732. Public accountant partnership; requirements

1 A. A partnership engaged in this state in the practice of public
2 accounting as public accountants shall register biennially with the board as
3 a partnership of public accountants and shall meet the following
4 requirements:

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

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

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

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

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

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

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

22 (ii) The professional services performed constitute the partner's
23 principal occupation.

24 (iii) The partner's interest in the public accounting partnership
25 reverts to the partnership if the partner stops performing services for the
26 partnership.

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

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

35 4. The partnership complies with other requirements imposed by the
36 board in its rules.

37 C. Application for registration pursuant to this section shall be made
38 upon affidavit of a partner of the partnership who is a certified public
39 accountant or public accountant in good standing in this state. The board
40 ~~shall~~ in each case SHALL determine whether the applicant is eligible for
41 registration. A partnership ~~which~~ THAT is registered pursuant to this
42 section and ~~which~~ THAT holds a certificate issued pursuant to this chapter
43 may use the words "public accountants" or the abbreviation "P.A.'s" or "PA's"
44 in connection with its partnership name as provided for by the board in its
45 rules. Each partnership registered pursuant to this chapter may provide
46 ~~restricted financial~~ ATTEST services. Notification shall be given to the

1 board within one month of the termination of any partnership, or of the
2 admission to or withdrawal of an Arizona partner from any partnership
3 registered pursuant to this section.

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

9 E. An applicant for registration or a partnership registered pursuant
10 to this section shall notify the board in writing within one month of any
11 change of partners whose principal place of business is in this state, any
12 change in the number or location of offices of the partnership in this state,
13 any change in the identity of the persons in charge of the partnership's
14 offices in this state and any issuance, denial, revocation or suspension of a
15 registration, license or permit by any other state.

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

22 G. A partnership that fails to comply with this section due to changes
23 in the ownership of the firm or personnel after receiving or renewing the
24 registration must take corrective action to comply with this section as
25 quickly as possible. The board may grant a reasonable period of time for the
26 firm to take these corrective actions. A failure to comply with these
27 requirements is grounds for suspension or revocation of the partnership
28 registration.

29 Sec. 13. Section 32-741, Arizona Revised Statutes, is amended to read:
30 32-741. Revocation or suspension of certificate; disciplinary
31 action; letter of concern

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

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

39 2. Conviction of any crime that has a reasonable relationship to the
40 practice of accounting by a certified public accountant or by a public
41 accountant, including crimes involving accounting or tax violations,
42 dishonesty, fraud, misrepresentation, embezzlement, theft, forgery, perjury
43 or breach of fiduciary duty, regardless of whether civil rights have been
44 restored.

- 1 3. Fraud or deceit in obtaining a certificate as a certified public
2 accountant or in obtaining a certificate as a public accountant under this
3 chapter.
- 4 4. Dishonesty, fraud or gross or continuing negligence in the practice
5 of accounting.
- 6 5. ~~Cancellation, revocation or suspension of~~ DISCIPLINE TO THE HOLDER
7 OF any certificate or other authority to practice or refusal to renew the
8 certificate or other authority to practice as a certified public accountant
9 by any other state or foreign country for any cause other than failure to pay
10 license or registration fees.
- 11 6. Violation of any of the provisions of this chapter, of title 44,
12 chapter 12, article 13 or of any fraud provisions of the federal securities
13 laws.
- 14 7. Final judgment in a civil action if the court makes findings of
15 accounting violations, dishonesty, fraud, misrepresentation or breach of
16 fiduciary duty.
- 17 8. Final judgment or order in a civil action or administrative
18 proceeding if the court or agency makes findings of violations of any fraud
19 provisions of the laws of this state or federal securities laws.
- 20 9. ~~Knowing~~ Violation of any decision, order or rule issued or adopted
21 by the board.
- 22 10. Suspension or revocation for cause of the right to practice before
23 the federal securities exchange commission or any other governmental body or
24 agency OR THE PUBLIC COMPANY ACCOUNTING OVERSIGHT BOARD OR ITS SUCCESSOR.
- 25 11. Offering or accepting commissions or contingency fees for services
26 rendered for clients for whom THE attest function ~~services are~~ IS also
27 offered or rendered in the performance of the practice of accounting unless:
28 (a) The fee is fixed by a court or another public authority.
29 (b) In a tax matter, the fee is determined based on the results of a
30 judicial proceeding or the finding of a governmental agency.
- 31 12. Failing to disclose to a client that the registrant has received or
32 expects to receive a commission from a third party for any engagement,
33 services or product sales involving services other than the attest function.
- 34 13. ~~Knowingly~~ Making any false or misleading statement or verification
35 in support of an application for a certificate, registration or permit filed
36 by another person.
- 37 14. ~~Knowingly~~ Making a false or misleading statement:
38 (a) To the board or its designated agent.
39 (b) On a form required by the board.
40 (c) In written correspondence to the board.
- 41 15. Failing to respond IN WRITING or furnish information in a timely
42 manner to the board or its designated agent, if the information is legally
43 requested by the board and is in the registrant's possession or control.
- 44 B. Pursuant to title 41, chapter 6, article 10, the board may
45 summarily suspend the certificate of any certified public accountant or

1 public accountant pending proceedings for revocation or other disciplinary
2 action on the receipt of either of the following:

3 1. A notice of conviction of any crime that has a reasonable
4 relationship to the practice of accounting, including crimes involving
5 accounting or tax violations, dishonesty, fraud, misrepresentation,
6 embezzlement, theft, forgery, perjury or breach of fiduciary duty or of any
7 felony.

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

11 ~~C. The certificate of any certified public accountant or public
12 accountant who fails to timely register and pay the biennial registration fee
13 as required by section 32-730, subsection A shall be automatically suspended
14 without prior notice or a hearing. Terms of a suspension issued under this
15 subsection shall include a provision that the suspension shall be
16 automatically vacated when the registrant has paid all past due fees. The
17 board may waive the collection of any fee after suspension under conditions
18 which the board deems justifiable. If the certified public accountant or
19 public accountant fails to reinstate the certificate within twelve months of
20 the date of suspension, the certificate expires. The board shall not
21 reinstate a certificate of a certified public accountant or public accountant
22 whose certificate has expired pursuant to this subsection unless the
23 certified public accountant or public accountant complies with section
24 32-730, subsection H or section 32-748.~~

25 ~~D. The board shall, after notice and a hearing, suspend the
26 certificate of any certified public accountant or public accountant who fails
27 to show proof, in accordance with section 32-730, subsection D, of compliance
28 with the continuing professional education requirements established by the
29 board. If the board determines that the failure was for reasonable cause or
30 excusable neglect, the board may require compliance as expeditiously as
31 possible. If the certified public accountant or public accountant fails to
32 reinstate the certificate within twelve months after the date of suspension,
33 the certificate expires. The board shall not reinstate a certificate that
34 has expired pursuant to this subsection unless the certified public
35 accountant or public accountant complies with section 32-748 and all other
36 requirements for reinstatement.~~

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

42 ~~F.~~ D. The board may issue a letter of concern if, in the opinion of
43 the board, there is insufficient evidence to support disciplinary action
44 against the registrant, but the board believes, as a result of information
45 ascertained during an investigation, that continuation of the activities that
46 led to the investigation may result in future board action against the

1 registrant. A registrant may file a response with the board within thirty
2 days after receipt of a letter of concern. Letters of concern issued by the
3 board and records kept by the board in connection with investigations leading
4 to letters of concern are confidential and are not public records.

5 Sec. 14. Renumber

6 Section 32-741.01, Arizona Revised Statutes, is renumbered as section
7 32-741.04.

8 Sec. 15. Title 32, chapter 6, article 3, Arizona Revised Statutes, is
9 amended by adding a new section 32-741.01 and sections 32-741.02 and
10 32-741.03, to read:

11 32-741.01. Suspension for nonregistration; expiration of
12 certificate

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

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

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

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

25 32-741.02. Suspension for noncompliance with continuing
26 education requirements; expiration of certificate

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

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

35 C. A SUSPENSION ISSUED UNDER THIS SECTION IS VACATED WHEN THE BOARD
36 HAS DETERMINED THAT THE REGISTRANT HAS COMPLIED WITH THE CONTINUING
37 PROFESSIONAL EDUCATION REQUIREMENTS AND HAS SATISFIED ALL OTHER REQUIREMENTS
38 FOR RENEWAL.

39 D. IF THE REGISTRANT FAILS TO MEET THE REQUIREMENTS OF SUBSECTION C OF
40 THIS SECTION WITHIN TWELVE MONTHS AFTER THE DATE OF SUSPENSION, THE
41 CERTIFICATE EXPIRES.

42 32-741.03. Revoked certificate; qualifications for new
43 certificate

44 A. IF THE BOARD REVOKES THE CERTIFICATE OF AN INDIVIDUAL REGISTRANT,
45 THE INDIVIDUAL SHALL RETURN THE CERTIFICATE TO THE BOARD. IF THE INDIVIDUAL
46 IS UNABLE TO RETURN THE CERTIFICATE, THE INDIVIDUAL MUST SIGN AND SUBMIT TO

1 THE BOARD AN AFFIDAVIT ON A FORM PRESCRIBED BY THE BOARD STATING THAT THE
2 INDIVIDUAL IS UNABLE TO RETURN THE CERTIFICATE TO THE BOARD.

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

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

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

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

17 2. DEMONSTRATES THROUGH SUBSTANTIAL EVIDENCE PRESENTED TO THE BOARD
18 THAT THE INDIVIDUAL IS COMPLETELY REHABILITATED WITH RESPECT TO THE CONDUCT
19 THAT WAS THE BASIS OF THE REVOCATION OF THE CERTIFICATE. DEMONSTRATION OF
20 REHABILITATION SHALL INCLUDE EVIDENCE OF THE FOLLOWING:

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

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

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

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

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

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

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

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

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

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

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

3 32-741.04. Relinquishment of certificate with disciplinary
4 proceedings pending: qualifications for new
5 certificate

6 A. A certified public accountant or public accountant ~~against whom~~
7 ~~disciplinary proceedings have been initiated~~ may relinquish ~~his~~ THE
8 INDIVIDUAL'S certificate ~~to the board during the course of the board's~~
9 ~~investigation~~ PENDING OR IN LIEU OF AN INVESTIGATION OR DISCIPLINARY
10 PROCEEDINGS OR WHILE UNDER A DISCIPLINARY ORDER. The board shall consider a
11 relinquishment tendered by a certified public accountant or public accountant
12 pursuant to this section and shall determine whether to accept the
13 relinquishment. The board shall issue an order documenting its decision.

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

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

20 C. ~~A person~~ AN INDIVIDUAL who relinquishes a certificate pursuant to
21 this section ~~and who desires to~~ MAY apply for REINSTATEMENT AND THE BOARD MAY
22 ISSUE a new certificate ~~shall meet~~ IF THE INDIVIDUAL DOES all of the
23 ~~requirements for applicants for initial certification pursuant to section~~
24 ~~32-721.~~ FOLLOWING:

25 1. FILES AN APPLICATION FOR REINSTATEMENT ON THE FORM PRESCRIBED BY
26 THE BOARD AND PAYS THE REINSTATEMENT APPLICATION FEE PURSUANT TO SECTION
27 32-729.

28 2. DEMONSTRATES THROUGH SUBSTANTIAL EVIDENCE PRESENTED TO THE BOARD
29 THAT THE INDIVIDUAL IS COMPLETELY REHABILITATED WITH RESPECT TO THE CONDUCT
30 THAT WAS PENDING AT THE TIME OF RELINQUISHMENT. DEMONSTRATION OF
31 REHABILITATION SHALL INCLUDE EVIDENCE OF THE FOLLOWING:

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

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

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

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

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

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

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

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

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

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

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

16 I, (insert name of registrant), acknowledge that disciplinary
17 proceedings have been initiated against me pursuant to title 32,
18 chapter 6, article 3, Arizona Revised Statutes, and I relinquish
19 my right to practice accounting as a (insert either "certified
20 public accountant" or "public accountant") in the state of
21 Arizona. I understand that if I choose to apply for a new
22 certificate, I must meet all requirements for ~~initial~~
23 certification pursuant to section ~~32-721~~ 32-741.04, Arizona
24 Revised Statutes. I further understand that, in deciding
25 whether to issue a new certificate to me, the board will
26 consider all disciplinary actions currently pending against me
27 and any other matters it determines to be appropriate.

28 Sec. 17. Section 32-742, Arizona Revised Statutes, is amended to read:
29 ~~32-742.~~ Revocation or suspension of firm's certificate; failure
30 to reinstate

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

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

39 1. The revocation or suspension of any certificate issued by the board
40 of any partner, shareholder, member, manager, officer, director, agent or
41 employee of the firm.

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

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

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

- 13 1. FILES AN APPLICATION ON A FORM PRESCRIBED BY THE BOARD.
- 14 2. HAS NOT ENGAGED IN ANY CONDUCT THAT WOULD CONSTITUTE GROUNDS FOR
15 REVOCATION OR SUSPENSION OF A REGISTRATION PURSUANT TO SECTION 32-741.
- 16 3. ON BOARD APPROVAL OF REINSTATEMENT, PAYS THE REGISTRATION FEE
17 PURSUANT TO SECTION 32-729.

18 Sec. 18. Section 32-747, Arizona Revised Statutes, is amended to read:
19 32-747. Unlawful use of designation or abbreviation;
20 classification

21 A. An individual who has received from the board a certificate to
22 practice as a certified public accountant or as a public accountant issued
23 under the laws of the state or who is a limited reciprocity privilege holder
24 under section 32-725 shall be known as a "certified public accountant" or
25 "public accountant", in accordance with the certificate or the privilege and
26 may also use the abbreviation "C.P.A.", "CPA", "P.A." or "PA", in accordance
27 with the certificate or the privilege **UNLESS THE STATUS OF THE CERTIFICATE IS**
28 **CANCELED, EXPIRED, SUSPENDED, RELINQUISHED OR REVOKED.** No other individual
29 or firm shall assume or use any title, designation or abbreviation or any
30 other title, designation, sign, card or device in this state tending to
31 indicate that the individual or firm using it is authorized to practice
32 public accounting or is a certified public accountant or a public accountant.

33 B. No individual or firm shall when referring to accounting or
34 accounting practices assume or use the title or designation "chartered
35 accountant", "certified accountant", "enrolled accountant", "registered
36 accountant", "licensed accountant", "certified tax accountant", "certified
37 tax consultant" or any other title or designation likely or intended to be
38 confused with "certified public accountant" or "public accountant" unless the
39 individual or firm has received from the board a certificate to practice as a
40 certified public accountant or as a public accountant issued under the laws
41 of this state, the individual is a limited reciprocity privilege holder under
42 section 32-725 or the partnership, corporation or other entity is permitted
43 to practice accounting in this state pursuant to section 32-725,
44 subsection G. No individual or firm shall assume or use any of the
45 abbreviations "C.A.", "E.A.", "R.A.", "C.T.A.", "C.T.C.", "L.A." or similar
46 abbreviations likely or intended to be confused with "C.P.A.", "CPA", "P.A."

1 or "PA". An individual who is qualified as a certified public accountant in
2 this state and who also holds a comparable title under the laws of another
3 country may use the title in conjunction with the title "certified public
4 accountant", "C.P.A." or "CPA", and an individual enrolled to practice before
5 the internal revenue service and recognized as an enrolled agent may use the
6 abbreviation "E.A."

7 C. This section does not apply to or affect or limit the right to
8 continuous use of a partnership name, or a modification of a partnership
9 name, by successor firms formed by the remaining partner or partners or added
10 partner or partners even though the individuals whose names are included in
11 the partnership name are not partners, but the successor firm shall conform
12 to all other provisions of this chapter. This section does not apply to or
13 affect or limit the right to continuous use of a professional corporation's
14 name as provided pursuant to this chapter or title 10, chapter 20 or a
15 professional limited liability company's name pursuant to this chapter or
16 title 29, chapter 4.

17 D. No corporation or professional limited liability company shall be
18 permitted to practice public accounting in this state, except that this
19 subsection does not apply to a professional corporation incorporated under
20 the laws of this state or to a professional limited liability company, either
21 of which is properly qualified to do business within this state and is
22 otherwise qualified to practice accounting under this chapter.

23 E. If an individual violates this chapter, or represents himself to
24 the public as having received a certificate or registration to practice after
25 a certificate or registration has been revoked or suspended, the individual
26 is guilty of a class 2 misdemeanor unless another classification is
27 specifically prescribed in this chapter. Each day an offense is committed
28 constitutes a separate offense.

29 F. The displaying or uttering by an individual or firm of any card,
30 sign, advertisement or other printed, engraved or written instrument or
31 device bearing an individual's or firm's name and intended to be confused
32 with the words "certified public accountant" or "public accountant" or an
33 abbreviation of either shall be prima facie evidence in a prosecution,
34 proceeding or hearing brought under this section that the individual or firm
35 whose name is so displayed caused or procured the displaying or uttering of
36 the card, sign, advertisement or other printed, engraved or written
37 instrument or device.

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

40 32-747.01. Attest services; requirements

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

46 Sec. 20. Repeal

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

2 Sec. 21. Certified public accountant certificates; firm
3 registrations; suspension; expiration

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

8 B. Notwithstanding any other law, a firm registration to practice
9 public accounting that was suspended for nonregistration by the Arizona board
10 of accountancy before September 26, 2008, and that remains suspended on the
11 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.