

State of Arizona
Senate
Fifty-fourth Legislature
Second Regular Session
2020

CHAPTER 72
SENATE BILL 1131

AN ACT

AMENDING SECTIONS 32-701, 32-703, 32-725, 32-730.01, 32-730.03, 32-730.04, 32-731, 32-732, 32-742 AND 32-747, 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, reporting financial results, financial planning or providing
10 attest services, compilation services, tax services or consulting
11 services.

12 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
15 or its successor agency.

16 3. "Attest services" means the following services to be performed
17 by the holder of a certificate issued by the board:

18 (a) Audits or other engagements to be performed in accordance with
19 the statements on auditing standards adopted by the American institute of
20 certified public accountants.

21 (b) Reviews of financial statements to be performed in accordance
22 with the statements on standards for accounting and review services
23 adopted by the 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
29 of the public company accounting oversight board or its successor.

30 (e) Any examination, review or agreed on procedure engagement to be
31 performed in accordance with the statements on standards for attestation
32 engagements adopted by the American institute of certified public
33 accountants, other than an examination described in subdivision (c) of
34 this paragraph.

35 4. "Board" means the Arizona state board of accountancy established
36 by section 32-702.

37 5. "Business organization" means a partnership, professional
38 corporation, professional limited liability company, limited liability
39 company or limited liability partnership or any other entity that is
40 recognized by the board and that is established under the laws of any
41 state or foreign country.

42 6. "Certified public accountant" means an individual who has been
43 issued a certificate of authority by the board to practice as a certified
44 public accountant or who meets the limited reciprocity privilege
45 requirements pursuant to section 32-725.

1 7. "Client" means a person or entity, other than one's employer,
2 for whom accounting services are provided.

3 8. "Compilation services" means providing a service of any
4 compilation engagement to be performed in accordance with the statements
5 on standards for accounting and review services.

6 9. "Consulting services" includes management advisory services,
7 litigation support services, valuation services and other services that
8 require the use of technical skills, education, observation, experience
9 and knowledge to develop an analytical approach to process and to present
10 findings, conclusions or recommendations.

11 10. "Conviction" means a judgment of conviction by any state or
12 federal court of competent jurisdiction in a criminal cause, regardless of
13 whether an appeal is pending or could be taken, and includes any judgment
14 or order based on a plea of no contest.

15 11. "CPA designation" means the title "certified public accountant"
16 or any abbreviation or grammatical derivative of the term "certified
17 public accountant".

18 12. "Disciplinary action" means any other regulatory sanctions
19 imposed by the board in combination with, or as an alternative to,
20 relinquishment, revocation or suspension of a certificate or registration,
21 including the imposition of:

22 (a) An administrative penalty in an amount not to exceed ~~two~~
23 ~~thousand dollars~~ \$2,000 for each violation of this chapter or rules
24 adopted pursuant to this chapter.

25 (b) Restrictions on the scope of the registrant's practice of
26 accounting.

27 (c) Pre-issuance and post-issuance peer review.

28 (d) Professional education requirements.

29 (e) A decree of censure.

30 (f) Probation requirements best adapted to protect the public
31 welfare.

32 (g) Reimbursement of the board's costs of investigations and
33 proceedings initiated under this chapter, including attorney fees.

34 (h) A requirement for restitution payments to accounting services
35 clients or to other persons suffering economic loss resulting from
36 violations of this chapter or rules adopted pursuant to this chapter.

37 13. "Employer" means a person or entity that hires an individual to
38 perform a service and that directs and controls the manner in which the
39 service is performed.

40 14. "Federal securities laws" means the securities act of 1933, the
41 securities exchange act of 1934, the public utility holding company act of
42 1935 and the investment company act of 1940, as amended.

43 15. "Financial statements":

44 (a) Means statements and footnotes related to statements that
45 purport to show a financial position or changes in a financial position in

1 conformity with generally accepted accounting principles or other
2 comprehensive basis of accounting.

3 (b) Includes balance sheets, statements of income, statements of
4 retained earnings, statements of cash flows, statements of changes in
5 equity and other commonly used or recognized summaries of financial
6 information.

7 (c) Does not include tax returns or information contained in tax
8 returns.

9 16. "Firm" means a business organization, a sole proprietorship or
10 an individual who is registered pursuant to section 32-731.

11 17. "Good cause" means factors that temporarily prevent a
12 registrant from satisfying a particular requirement in a specific instance
13 as determined by the board and may include:

14 (a) A disability.

15 (b) An illness.

16 (c) A physical or mental condition.

17 (d) Military service.

18 (e) Financial hardship.

19 (f) A natural disaster.

20 (g) Any condition or circumstance that the board deems relevant.

21 18. "Jurisdiction" means, for the purposes of examination,
22 certification, firm registration or limited reciprocity privilege, the
23 fifty states of the United States, the District of Columbia, the United
24 States Virgin Islands, Guam, the Commonwealth of the Northern Mariana
25 Islands or the Commonwealth of Puerto Rico.

26 19. "Letter of concern" means an advisory letter to notify a
27 registrant that, while the evidence does not warrant disciplinary action,
28 the board believes that the registrant should modify or eliminate certain
29 practices and that continuation of the activities that led to the evidence
30 being submitted to the board may result in board action against the
31 registrant. A letter of concern is not a disciplinary action.

32 20. "Limited reciprocity privilege" means the permission to
33 practice as a certified public accountant in this state pursuant to
34 section 32-725 for an individual whose principal place of business is
35 outside of this state.

36 21. "Management advisory services" means advisory services
37 consisting of the development of findings, conclusions or recommendations
38 for the recipient's consideration and decision making.

39 22. "Office", for the purposes of firm registration, limited
40 reciprocity privilege and fees, means any physical location THAT IS used
41 in the practice of accounting in this state and that is owned, leased,
42 licensed for use or maintained by the firm or someone under the firm's
43 authority.

44 23. "Practice of accounting" means providing accounting services
45 for a client or an employer.

- 1 24. "Registrant" means any certified public accountant or firm that
2 is registered with the board.
- 3 25. "Related courses" means:
4 (a) Business administration.
5 (b) Statistics.
6 (c) Computer science, information systems or data processing.
7 (d) Economics.
8 (e) Finance.
9 (f) Management.
10 (g) Business law.
11 (h) College algebra or more advanced mathematics.
12 (i) Advanced written communication.
13 (j) Advanced oral communication.
14 (k) General ethics.
15 (l) Marketing.
16 (m) Other courses **THAT ARE** closely related to the subject of
17 accounting ~~and~~ **OR THAT ARE** satisfactory to the board.
- 18 26. "Sole proprietor" means the owner of a sole proprietorship.
- 19 27. "Sole proprietorship" means a business that is owned by one
20 individual and that does not have a legal distinction between the owner
21 and the business.
- 22 Sec. 2. Section 32-703, Arizona Revised Statutes, is amended to
23 read:
24 32-703. Powers and duties; rules; executive director;
25 advisory committees and individuals
- 26 A. The primary duty of the board is to protect the public from
27 unlawful, incompetent, unqualified or unprofessional certified public
28 accountants through certification, regulation and rehabilitation.
- 29 B. The board may:
30 1. Investigate complaints filed with the board or on its own motion
31 to determine whether a certified public accountant has engaged in conduct
32 in violation of this chapter or rules adopted pursuant to this chapter.
33 2. Establish and maintain high standards of competence,
34 independence and integrity in the practice of accounting by a certified
35 public accountant as required by generally accepted auditing standards and
36 generally accepted accounting principles and, in the case of publicly held
37 corporations or enterprises offering securities for sale, in accordance
38 with state or federal securities agency accounting requirements.
39 3. Establish reporting requirements that require registrants to
40 report:
41 (a) The imposition of any discipline on the right to practice
42 before the federal securities and exchange commission, the internal
43 revenue service, any state board of accountancy, other government agencies
44 or the public company accounting oversight board.

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

5 4. Establish basic requirements for continuing professional
6 education of certified public accountants, except that the requirements
7 shall not exceed eighty hours in any registration renewal period.

8 5. Adopt procedures concerning disciplinary actions, administrative
9 hearings and consent decisions.

10 6. Issue to qualified applicants certificates executed for and on
11 behalf of the board by the signatures of the president and secretary of
12 the board.

13 7. Adopt procedures and rules to administer this chapter.

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

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

20 10. Appoint accounting and auditing, tax, peer review, law,
21 certification, continuing professional education or other committees or
22 individuals as it considers necessary to advise or assist the board or the
23 board's executive director in administering and enforcing this chapter.
24 These committees and individuals serve at the pleasure of the board.

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

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

29 13. Adopt and amend rules concerning the definition of terms, the
30 orderly conduct of the board's affairs and the effective administration of
31 this chapter.

32 14. Delegate to the executive director the authority to:

33 (a) Approve an applicant to take the uniform certified public
34 accountant examination pursuant to section 32-723.

35 (b) Issue a certificate of certified public accountant pursuant to
36 section 32-721.

37 (c) Approve an application for firm registration pursuant to
38 section 32-731.

39 (d) Approve a registrant's name change and reissue a certificate of
40 certified public accountant due to the name change.

41 (e) Approve a registrant's cancellation request pursuant to section
42 32-730.02.

43 (f) Approve a request for retired status pursuant to section
44 32-730.04.

1 (g) Approve reactivation from inactive status or retired status
2 pursuant to section 32-732.

3 (h) Approve compliance with peer review requirements pursuant to
4 this section.

5 (i) Approve compliance with continuing professional education
6 audits.

7 (j) Approve continuing professional education compliance with
8 decisions and orders.

9 (k) Terminate decisions and orders based on a registrant's
10 successful completion of all order requirements.

11 (l) APPROVE A REQUEST FOR CONTINUING PROFESSIONAL EDUCATION
12 RECIPROCITY.

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

14 1. Issue subpoenas to compel the attendance of witnesses or the
15 production of documents. If a subpoena is disobeyed, the board may invoke
16 the aid of any court in requiring the attendance and testimony of
17 witnesses and the production of documents.

18 2. Administer oaths and take testimony.

19 3. Cooperate with the appropriate authorities in other
20 jurisdictions in investigation and enforcement concerning violations of
21 this chapter and comparable statutes of other jurisdictions.

22 4. Receive evidence concerning all matters within the scope of this
23 chapter.

24 Sec. 3. Section 32-725, Arizona Revised Statutes, is amended to
25 read:

26 32-725. Limited reciprocity privilege; qualifications; definition

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

30 B. To qualify to exercise the limited reciprocity privilege, an
31 individual must:

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

33 2. Not have or represent to have an office in this state.

34 3. Not be the subject of suspension or revocation of a certificate
35 as provided by section 32-741 or relinquishment of a certificate as
36 provided by section 32-730.06.

37 4. Hold a valid registration, certificate or license as a certified
38 public accountant issued by another jurisdiction and either of the
39 following applies:

40 (a) The other jurisdiction requires as a condition of licensure
41 that an individual has all of the following:

42 (i) At least one hundred fifty semester hours of college education,
43 including a baccalaureate degree or a higher degree that is conferred by
44 an accredited institution or a college or university that maintains
45 standards that are comparable to those of an accredited institution.

1 (ii) A passing grade on the uniform certified public accountant
2 examination.

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

5 (b) The individual meets the qualifications prescribed in section
6 32-721, subsection C.

7 C. An individual qualifying for limited reciprocity privilege under
8 this section is considered to have qualifications that are substantially
9 equivalent to the requirements prescribed pursuant to this chapter and has
10 all of the privileges of registrants, certificate holders or licensees in
11 this state without obtaining a registration, certificate or license under
12 this chapter.

13 D. An individual qualifying for limited reciprocity privilege under
14 this section may use the CPA designation and may offer or practice
15 accounting in person or by mail, telephone or electronic means. A notice,
16 fee or other submission is not required. The individual is subject to the
17 requirements prescribed in subsection E of this section.

18 E. Each individual who holds a registration, certificate or license
19 issued by another jurisdiction and who exercises the limited reciprocity
20 privilege and each partnership, corporation or other entity engaging in
21 the practice of accounting as provided by this section, as a condition of
22 exercising the privilege provided by this section:

23 1. Shall:

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

31 (b) Cease the offering or practicing of accounting in person or by
32 mail, telephone or electronic means in this state if the individual no
33 longer satisfies the requirements of subsection B of this section or the
34 partnership, corporation or other entity no longer satisfies the
35 requirements of subsection G of this section.

36 2. Is subject to:

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

40 (b) Service by either of the following:

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

45 (ii) Directly on the person.

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

- 7 1. Expert witness services.
- 8 2. Teaching or lecturing.
- 9 3. Other services as determined by the board.

10 G. A ~~partnership, corporation or other entity~~ BUSINESS ORGANIZATION
11 formed under the laws of another jurisdiction relating to the practice of
12 accounting in that jurisdiction may use the CPA designation in this state
13 and may engage in the practice of accounting in this state, including the
14 provision of attest services, without having to register as a firm if all
15 of the following apply:

16 1. The ~~partnership, corporation or other entity~~ BUSINESS
17 ORGANIZATION is owned by or employs an individual who is a limited
18 reciprocity privilege holder pursuant to this section.

19 2. The ~~partnership, corporation or other entity~~ BUSINESS
20 ORGANIZATION is in good standing in its principal place of business under
21 the laws of that jurisdiction relating to the practice of accounting.

22 3. The principal place of business of the limited reciprocity
23 privilege holder is a recognized place of business for the practice of
24 accounting by the ~~partnership, corporation or other entity~~ BUSINESS
25 ORGANIZATION.

26 4. The ~~partnership, corporation or other entity~~ BUSINESS
27 ORGANIZATION does not have an office in this state and does not represent
28 that it has an office in this state.

29 5. The ~~partnership, corporation or other entity~~ BUSINESS
30 ORGANIZATION holds an active permit or registration as a certified public
31 accountant firm in another jurisdiction.

32 6. The practice of accounting is performed by or under the direct
33 supervision of an individual who is qualified for the limited reciprocity
34 privilege under this section.

35 H. For the purposes of this section, "principal place of business"
36 means the office designated by the individual or firm as the principal
37 location for the individual's or firm's practice of accounting.

38 Sec. 4. Section 32-730.01, Arizona Revised Statutes, is amended to
39 read:

40 32-730.01. Inactive status; exception

41 A. A registrant who meets all of the following requirements may
42 request that the registrant's certificate be placed on inactive status:

- 43 1. Completes the forms prescribed by the board.
- 44 2. Does not provide attest SERVICES or compilation services in this

45 state.

1 3. Does not provide accounting services for a fee or other
2 compensation in this state.

3 4. Does not have a certificate under a disciplinary order by the
4 board, except for suspension for nonregistration pursuant to section
5 32-741.01.

6 5. Does not have disciplinary proceedings initiated against the
7 registrant.

8 B. A registrant whose certificate is on inactive status:

9 1. Shall continue to register once every two years with the board
10 and pay fifty percent of the registration fee and one hundred percent of
11 any applicable late fee pursuant to section 32-729.

12 2. Shall not do any of the following:

13 (a) Provide attest **SERVICES** or compilation services in this state.

14 (b) Provide accounting services for a fee or other compensation in
15 this state.

16 (c) Assume or use the CPA designation in this state unless
17 accompanied by the word "inactive".

18 C. ~~A registrant~~ **THE BOARD** may reactivate ~~an~~ **A REGISTRANT'S** inactive
19 certificate only once.

20 D. A certificate expires if it has been inactive for more than six
21 years.

22 E. Subsections C and D of this section do not apply if inactive
23 status is approved by the board for good cause based on a registrant's
24 disability.

25 Sec. 5. Section 32-730.03, Arizona Revised Statutes, is amended to
26 read:

27 **32-730.03. Expired status**

28 A. A registrant's certificate or registration ~~is expired~~ **EXPIRES** if
29 ~~the registrant fails to reinstate the certificate or registration within~~
30 ~~twelve months after it has been suspended pursuant to section 32-741.01 or~~
31 ~~32-741.02 or fails to reinstate a certificate that has been on inactive~~
32 ~~status pursuant to section 32-730.01 for more than six years.~~ **ANY OF THE**
33 **FOLLOWING APPLIES:**

34 1. **SECTION 32-730.01, SUBSECTION D.**

35 2. **SECTION 32-741.01, SUBSECTION D.**

36 3. **SECTION 32-741.02, SUBSECTION D.**

37 4. **THE REGISTRANT FAILS TO MEET FIRM REGISTRATION REQUIREMENTS**
38 **PRESCRIBED BY THIS CHAPTER AND IS NOT GRANTED OR EXHAUSTS AN EXTENSION OF**
39 **TIME TO COMPLY WITH FIRM REGISTRATION REQUIREMENTS PURSUANT TO SECTION**
40 **32-731, SUBSECTION F.**

41 B. ~~An individual~~ **A REGISTRANT** whose certificate **OR REGISTRATION** has
42 expired shall not assume or use the CPA designation while the certificate
43 remains on expired status unless the individual qualifies for limited
44 reciprocity privilege pursuant to section 32-725.

1 Sec. 6. Section 32-730.04, Arizona Revised Statutes, is amended to
2 read:

3 32-730.04. Retired status

4 A. A registrant who meets all of the following requirements may
5 request that the registrant's certificate be placed on retired status:

6 1. Completes the forms prescribed by the board.

7 2. Is at least fifty-five years of age.

8 3. Has been a certified public accountant in one or more
9 jurisdictions for at least twenty years.

10 4. Does not have a certificate under a disciplinary order by the
11 board, except for suspension for nonregistration pursuant to section
12 32-741.01.

13 5. Does not have disciplinary proceedings initiated against the
14 registrant.

15 6. Does not provide attest **SERVICES** or compilation services **IN THIS**
16 **STATE**.

17 7. Does not provide accounting services for a fee or other
18 compensation in this state.

19 B. A registrant whose certificate is on retired status:

20 1. Shall continue to register once every two years with the board
21 and pay a registration fee and all of an applicable late fee as prescribed
22 by section 32-729.

23 2. Shall not do any of the following:

24 (a) Provide attest **SERVICES** or compilation services **IN THIS STATE**.

25 (b) Provide accounting services for a fee or other compensation in
26 this state.

27 (c) Assume or use the CPA designation in this state unless
28 accompanied by the word "retired" or the abbreviation "RET".

29 Sec. 7. Section 32-731, Arizona Revised Statutes, is amended to
30 read:

31 32-731. Certified public accountant firm registration
32 requirements; performance of attest services and
33 compilation services; definition

34 A. Except as provided in section 32-725, subsection G, once every
35 two years each of the following shall pay the registration fee pursuant to
36 section 32-729 and register with the board as a firm:

37 1. A business organization that meets all of the following
38 criteria:

39 (a) Has a simple majority of the ownership, in terms of direct and
40 indirect financial interests and voting rights, that ~~belong~~ **BELONGS** to
41 holders in good standing of certificates or licenses as certified public
42 accountants in any jurisdiction.

43 (b) Has an office in this state.

44 (c) Either:

45 (i) ~~Provides~~ **PERFORMS** attest **SERVICES** or compilation services.

- 1 (ii) Uses the CPA designation in its firm name.
- 2 2. A sole proprietorship that meets all of the following criteria:
- 3 (a) Has an owner that is a certified public accountant in good
- 4 standing in this state.
- 5 (b) Has an office in this state.
- 6 (c) Either:
- 7 (i) Performs attest SERVICES or compilation services.
- 8 (ii) Uses the CPA designation in its firm BUSINESS name, unless the
- 9 firm BUSINESS name is the name of the sole proprietor as registered with
- 10 the board.
- 11 3. An individual who meets both of the following criteria:
- 12 (a) Is a certified public accountant in good standing in this
- 13 state.
- 14 (b) EITHER:
- 15 (i) Performs attest SERVICES or compilation services in this state,
- 16 other than as an owner or employee of a sole proprietorship or business
- 17 organization required to register under paragraph 1 or 2 of this
- 18 subsection or in the capacity as an employee of a governmental entity.
- 19 (ii) USES THE CPA DESIGNATION, UNLESS THE NAME USED IS THE NAME OF
- 20 THE INDIVIDUAL AS REGISTERED WITH THE BOARD.
- 21 B. Attest SERVICES or compilation services shall be provided only
- 22 through a registered firm in good standing in this state. Any attest
- 23 SERVICES or compilation services reports issued by a firm must be signed
- 24 by a person who is certified pursuant to this chapter or qualified to
- 25 exercise the limited reciprocity privilege pursuant to section 32-725,
- 26 subsection G.
- 27 C. An application or registration pursuant to this section shall be
- 28 made by an owner of the firm who is a certified public accountant in good
- 29 standing. A firm that is registered pursuant to this section may use the
- 30 CPA designation in connection with its firm name as provided for by the
- 31 board in its rules.
- 32 D. A firm that applies or registers pursuant to this section shall
- 33 list in its application or registration all jurisdictions in which the
- 34 firm has any disciplinary actions, other than for failure to timely renew
- 35 a registration, license or permit, by any other jurisdiction.
- 36 E. Except as provided in subsection F of this section, an applicant
- 37 for registration or a firm registered pursuant to this section shall
- 38 notify the board in writing within one month of any change in owners that
- 39 results in less than a simple majority of the ownership in terms of direct
- 40 and indirect financial interests and voting rights that belong to holders
- 41 in good standing of certificates or licenses as certified public
- 42 accountants in any jurisdiction.
- 43 F. The board or the board's executive director may grant a
- 44 reasonable period of time for the firm to take corrective action to
- 45 maintain its qualifications as a firm.

1 G. Professional corporations **THAT ARE** composed of certified public
2 accountants shall meet the requirements of title 10, chapter 20 and any
3 additional nonconflicting requirements contained in this section.

4 H. Limited liability companies, professional limited liability
5 companies and limited liability partnerships composed of certified public
6 accountants shall meet the requirements of title 29, chapter 4 or 5 and
7 any additional nonconflicting requirements contained in this section.

8 I. A registrant may not use any firm name other than the firm name
9 that is registered with the board.

10 J. For the purposes of this section, "good standing" means:

11 1. For an individual, a status that allows the individual to use
12 the CPA designation and to perform accounting services for a fee or other
13 compensation.

14 2. For a firm, a status that allows the firm to use the CPA
15 designation.

16 Sec. 8. Section 32-732, Arizona Revised Statutes, is amended to
17 read:

18 32-732. Reactivation from inactive or retired status;
19 reinstatement from canceled, expired, relinquished
20 or revoked status

21 A. A certified public accountant with a certificate status of
22 inactive or retired may request that the certified public accountant's
23 certificate be reactivated if all of the following apply:

24 1. The registrant files an application for renewal on the form
25 prescribed by the board and pays the registration fee pursuant to section
26 32-729.

27 2. The registrant submits proof that the registrant has satisfied
28 continuing professional education requirements as prescribed by the board.

29 3. Either:

30 (a) The registrant affirms that the registrant has not engaged in
31 any conduct during the period of time that the certificate was in inactive
32 or retired status that would constitute a reason to revoke or suspend the
33 certificate pursuant to section 32-741.

34 (b) The board determines that good cause exists for the conduct.

35 B. An individual with a certificate status of canceled, who does
36 not qualify for certification by reciprocity pursuant to section 32-721,
37 subsection C, may request that the individual's certificate be reinstated
38 if all of the following apply:

39 1. The registrant files an application for reinstatement on the
40 form prescribed by the board and pays the reinstatement application fee
41 pursuant to section 32-729.

42 2. The registrant submits proof that the registrant has satisfied
43 continuing professional education requirements as prescribed by the board.

1 3. Either:

2 (a) The registrant affirms that the individual has not engaged in
3 any conduct during the period of time that the certificate was in canceled
4 status that would constitute a reason to suspend or revoke THE CERTIFICATE
5 pursuant to section 32-741.

6 (b) The board determines that good cause exists for the conduct.

7 4. On board approval of reinstatement, pays the registration fee
8 pursuant to section 32-729.

9 C. An individual with a certificate status of expired, relinquished
10 or revoked may request that the individual's certificate be reinstated if
11 the individual meets all the following requirements:

12 1. The requirements prescribed by subsection B, paragraphs 1, 2 and
13 4 of this section.

14 2. ~~Unless waived~~ IF PRESCRIBED by a board relinquishment or
15 revocation order, presents satisfactory evidence from an accredited
16 institution or a college or university that maintains standards comparable
17 to those of an accredited institution that the individual has completed at
18 least one hundred fifty semester hours of education as follows:

19 (a) At least thirty-six semester hours of accounting courses of
20 which at least thirty semester hours are upper-level courses.

21 (b) At least thirty semester hours of accounting-related courses.

22 3. If prescribed by a board relinquishment or revocation order,
23 presents evidence that the individual has retaken and passed the uniform
24 certified public accountant examination.

25 4. Demonstrates through substantial evidence presented to the board
26 that the individual is completely rehabilitated with respect to the
27 conduct that was pending or outstanding at the time the certificate was
28 relinquished or revoked or that occurred before or after the certificate
29 expired. Demonstration of rehabilitation includes evidence of the
30 following:

31 (a) The individual has not engaged in any conduct that, if the
32 individual had been registered during the period the conduct occurred,
33 would have constituted a basis for revocation or suspension pursuant to
34 section 32-741.

35 (b) The individual's civil rights have been fully restored pursuant
36 to statute or an applicable recognized judicial or gubernatorial order
37 with respect to any criminal conviction that constitutes any part of the
38 basis for the relinquishment or revocation or that occurred before or
39 after the certificate expired.

40 (c) The individual has addressed or remedied any complaints,
41 investigations or board-ordered requirements that were pending or
42 outstanding at the time of expiration, relinquishment or revocation.

43 (d) The individual has made restitution as ordered by the board or
44 by a court of competent jurisdiction as a result of the individual's
45 violation of this chapter or rules adopted pursuant to this chapter.

1 (e) Other evidence of rehabilitation that the board deems
2 appropriate.

3 D. Except as otherwise provided in subsection C of this section,
4 the board may not issue a certificate to an individual whose certificate
5 has been revoked until five years after the effective date of revocation.
6 If the revocation is based only on section 32-741, subsection A, paragraph
7 1 or 2 and the criminal conviction is ultimately reversed on appeal, the
8 board shall enter an order vacating the revocation.

9 E. An individual, sole proprietor or business organization whose
10 firm registration has been canceled may request that the firm registration
11 be reinstated if the individual, sole proprietor or business organization
12 does all of the following:

13 1. Files an application for reinstatement on the form prescribed by
14 the board and pays the reinstatement application fee pursuant to section
15 32-729.

16 2. Meets the requirements of section 32-731.

17 3. On board approval of reinstatement, pays the registration fee
18 pursuant to section 32-729.

19 F. An individual, sole proprietor or business organization whose
20 firm registration has expired or been relinquished or revoked may request
21 that the firm registration be reinstated if the individual, sole
22 proprietor or business organization meets all of the following
23 requirements:

24 1. The requirements prescribed by subsection E of this section.

25 2. Demonstrates through substantial evidence presented to the board
26 that the firm is completely rehabilitated with respect to the conduct that
27 was pending or outstanding at the time the registration was relinquished
28 or revoked or that occurred before or after the registration expired.
29 Demonstration of rehabilitation includes evidence of the following:

30 (a) The firm or any owner of the firm has not engaged in any
31 conduct that, if the firm had been registered during the period the
32 conduct occurred, would have constituted a basis for revocation or
33 suspension pursuant to section 32-741.

34 (b) The firm has addressed or remedied any complaints,
35 investigations or board-ordered requirements that were pending or
36 outstanding at the time of expiration, relinquishment or revocation.

37 (c) The firm has made restitution as ordered by the board or by a
38 court of competent jurisdiction as a result of any violation of this
39 chapter or rules adopted pursuant to this chapter.

40 (d) Other evidence of rehabilitation that the board deems
41 appropriate.

1 Sec. 9. Section 32-742, Arizona Revised Statutes, is amended to
2 read:

3 32-742. Revocation or suspension of firm's registration;
4 failure to renew or reinstate; reinstatement;
5 relinquishment

6 ~~A. After notice and an opportunity for a hearing, the board shall~~
7 ~~revoke a firm's registration if at any time the firm does not have all the~~
8 ~~qualifications prescribed by this chapter and has not been granted an~~
9 ~~extension of time to comply with firm registration requirements pursuant~~
10 ~~to section 32-731, subsection F.~~

11 B. After notice and an opportunity for a hearing, the board may
12 revoke or suspend a firm's registration or may take disciplinary action
13 for any of the causes enumerated in section 32-741, subsection A or for
14 ~~any~~ EITHER of the following ~~additional causes~~:

15 1. The relinquishment, revocation or suspension of any certificate
16 issued by the board to any owner of the firm. This paragraph does not
17 apply to a suspension for nonregistration pursuant to section 32-741.01.

18 2. The failure to comply with section 32-731, subsection E.

19 Sec. 10. Section 32-747, Arizona Revised Statutes, is amended to
20 read:

21 32-747. CPA designation; title; use; unlawful use

22 A. A registrant or an individual or firm that qualifies for the
23 limited reciprocity privilege under section 32-725 shall be known as a
24 certified public accountant or certified public accounting firm and may
25 use the CPA designation **WITH THE EXACT NAME AS REGISTERED WITH THE BOARD**
26 unless the status of the registrant, individual or firm is canceled,
27 expired, suspended, relinquished or revoked.

28 B. An individual or firm when referring to accounting or accounting
29 practices shall not assume or use the CPA designation unless the
30 individual or firm is qualified pursuant to subsection A of this section.

31 C. This section does not apply to or affect or limit the right to
32 continuous use of a firm name, or a modification of a firm name, by
33 successor firms formed by the remaining owner or owners or added owner or
34 owners even though the individuals whose names are included in the firm
35 name are not owners, but the successor firm shall conform to all other
36 provisions of this chapter. This section does not apply to or affect or
37 limit the right to continuous use of a professional corporation's name as
38 provided pursuant to this chapter or title 10, chapter 20 or a
39 professional limited liability company's name pursuant to this chapter or
40 title 29, chapter 4.

41 D. The displaying or uttering by a registrant or an individual or
42 firm that qualifies for the limited reciprocity privilege under section
43 32-725 of any card, sign, advertisement or other printed, engraved or
44 written instrument or device bearing a name and intended to be confused
45 with the CPA designation is prima facie evidence in a prosecution,

1 proceeding or hearing brought under this section that the registrant,
2 individual or firm so displayed caused or procured the displaying or
3 uttering of the card, sign, advertisement or other printed, engraved or
4 written instrument or device.

5 E. A firm may not refer to itself as a CPA firm unless it has a
6 simple majority of the ownership, in terms of direct and indirect
7 financial interests and voting rights, that ~~belong~~ BELONGS to holders in
8 good standing of certificates or licenses as certified public accountants
9 in any jurisdiction.

APPROVED BY THE GOVERNOR JUNE 5, 2020.

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