



**ARIZONA STATE SENATE**  
*Fifty-Fourth Legislature, Second Regular Session*

FACT SHEET FOR S.B. 1131

certified public accountants

Purpose

Modifies certified public accountant (CPA) requirements relating to firm registration, certificate and registration expiration and reinstatement, and the use of the CPA designation.

Background

The Arizona State Board of Accountancy (Board) protects the public from unlawful, incompetent, unqualified or unprofessional CPAs through certification, regulation and rehabilitation. The Board: 1) issues CPA certificates to qualified applicants; 2) investigates conduct to determine if a CPA has violated relevant statutes or rules; 3) establishes continuing professional education requirements and high standards for competence, independence and integrity; and 4) adopts rules and procedures for peer reviews, disciplinary actions and administrative hearings. The Board may delegate certain outlined authorities to the Board's Executive Director ([A.R.S. § 32-703](#)).

A business organization, sole proprietorship or individual that performs attest services or compilation services in Arizona or uses the CPA designation must register as a firm with the Board if other criteria apply. A sole proprietorship using the CPA designation does not have to register as a firm if: 1) the sole proprietorship does not perform attest services or compilation services; and 2) the business name is the name of the sole proprietor as registered with the Board ([A.R.S. § 32-731](#)).

There is no anticipated fiscal impact to the state General Fund associated with this legislation.

Provisions

1. Requires an individual CPA performing attest services or compilation services to register as a firm if the CPA uses the CPA designation unless the name used is the name of the individual as registered by the Board.
2. Removes the requirement that the Board revoke a firm's registration after notice and an opportunity for a hearing if the firm does not meet all qualifications and has not been granted an extension of time to comply with registration requirements.
3. Prescribes that a firm's registration expires if the firm does not meet all qualifications and has not been granted an extension of time to comply with registration requirements.
4. Removes the 12-month timeframe before a certificate or registration suspended for failure to timely register and pay biennial registration fees expires, leaving the 3-month time frame.

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5. Removes the 12-month timeframe before a certificate suspended for a registrant's failure to show compliance with Board-established continuing professional education requirements expires, leaving the 6-month time frame.
6. Limits a limited reciprocity privilege registrant's, individual's or firm's authority to use the CPA designation to use with the exact name as registered with the Board.
7. Applies the requirement that a registrant requesting a certificate be placed on retired status not provide attest services or compilation services to only attest services and compilation services in Arizona.
8. Applies the prohibition on a registrant whose certificate is on retired status from providing attest services or compilation services to only attest services and compilation services in Arizona.
9. Replaces the Board's authority to waive statutory course requirements for an individual requesting reinstatement of an expired, relinquished or revoked certificate with the authority to prescribe that an individual fulfill the outlined course requirements by relinquishment or revocation order.
10. Adds, to the duties and powers the Board may delegate to the Executive Director of the Board, the approval of a continuing professional education reciprocity request.
11. Specifies that the authority to reactivate a registrant's inactive certificate one time lies with the Board, rather than the registrant.
12. Modifies the definition of *related courses* to include other courses that are either, rather than both:
  - a) closely related to the subject of accounting; and
  - b) satisfactory to the Board.
13. Makes technical and conforming changes.
14. Becomes effective on the general effective date.

Prepared by Senate Research

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LB/gs