

Senate Engrossed

certified public accountants; certification; alternative

State of Arizona  
Senate  
Fifty-seventh Legislature  
Second Regular Session  
2026

# SENATE BILL 1181

AN ACT

AMENDING SECTIONS 32-701, 32-703, 32-721, 32-723, 32-725, 32-729, 32-730, 32-730.02, 32-730.06, 32-731, 32-732, 32-741, 32-741.01, 32-741.02, 32-742, 32-743 AND 32-749, 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. "BACCALAUREATE DEGREE" MEANS AN ACADEMIC UNDERGRADUATE DEGREE  
36 AWARDED BY AN ACCREDITED INSTITUTION OR BY A COLLEGE OR UNIVERSITY THAT  
37 MAINTAINS STANDARDS COMPARABLE TO THOSE OF AN ACCREDITED INSTITUTION.

38 ~~4.~~ 5. "Board" means the Arizona state board of accountancy  
39 established by section 32-702.

40 ~~5.~~ 6. "Business organization" means a partnership, professional  
41 corporation, professional limited liability company, limited liability  
42 company or limited liability partnership or any other entity that is  
43 recognized by the board and that is established under the laws of any  
44 state or foreign country.

1           ~~6.~~ 7. "Certified public accountant" means an individual who has  
2 been issued a certificate of authority by the board to practice as a  
3 certified public accountant or who meets the limited reciprocity privilege  
4 requirements pursuant to section 32-725.

5           ~~7.~~ 8. "Client" means a person or entity, other than one's  
6 employer, for whom accounting services are provided.

7           ~~8.~~ 9. "Compilation services" means providing a service of any  
8 compilation engagement to be performed in accordance with the statements  
9 on standards for accounting and review services.

10           10. "COMPLAINT" MEANS A WRITTEN STATEMENT FROM A MEMBER OF THE  
11 PUBLIC OR A MATTER IDENTIFIED BY THE BOARD, THE BOARD'S ADVISORY  
12 COMMITTEES OR THE BOARD'S STAFF THAT INVOLVES A PERSON, A CERTIFIED PUBLIC  
13 ACCOUNTANT OR A FIRM SUBJECT TO THIS CHAPTER REGARDING ANY POTENTIAL  
14 VIOLATION OF THIS CHAPTER OR RULES ADOPTED PURSUANT TO THIS CHAPTER.

15           ~~9.~~ 11. "Consulting services" includes management advisory  
16 services, litigation support services, valuation services and other  
17 services that require the use of technical skills, education, observation,  
18 experience and knowledge to develop an analytical approach to process and  
19 to present findings, conclusions or recommendations.

20           ~~10.~~ 12. "Conviction" means a judgment of conviction by any state  
21 or federal court of competent jurisdiction in a criminal cause, regardless  
22 of whether an appeal is pending or could be taken, and includes any  
23 judgment or order based on a plea of no contest.

24           ~~11.~~ 13. "CPA designation" means the title "certified public  
25 accountant" or any abbreviation or grammatical derivative of the term  
26 "certified public accountant".

27           ~~12.~~ 14. "Disciplinary action" means any other regulatory sanctions  
28 imposed by the board in combination with, or as an alternative to,  
29 relinquishment, revocation or suspension of a certificate or registration,  
30 including the imposition of:

31           (a) An administrative penalty in an amount not to exceed \$2,000 for  
32 each violation of this chapter or rules adopted pursuant to this chapter.

33           (b) Restrictions on the scope of the registrant's practice of  
34 accounting.

35           (c) ~~Pre-issuance~~ PREISSUANCE and ~~post-issuance~~ POSTISSUANCE peer  
36 review.

37           (d) Professional education requirements.

38           (e) A decree of censure.

39           (f) Probation requirements best adapted to protect the public  
40 welfare.

41           (g) Reimbursement of the board's costs of investigations and  
42 DISCIPLINARY proceedings initiated under this chapter, including attorney  
43 fees.

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

4 15. "DISCIPLINARY PROCEEDING" MEANS A PROCEEDING AT WHICH A HEARING  
5 OCCURS BEFORE THE BOARD OR THE OFFICE OF ADMINISTRATIVE HEARINGS AND AT  
6 WHICH THE LEGAL RIGHTS, DUTIES OR PRIVILEGES OF AN INDIVIDUAL OR FIRM  
7 SUBJECT TO THIS CHAPTER ARE AT ISSUE.

8 ~~13.~~ 16. "Employer" means a person or entity that hires an  
9 individual to perform a service and that directs and controls the manner  
10 in which the service is performed.

11 ~~14.~~ 17. "Federal securities laws" means the securities act of  
12 1933, the securities exchange act of 1934, the public utility holding  
13 company act of 1935 and the investment company act of 1940, as amended.

14 ~~15.~~ 18. "Financial statements":

15 (a) Means statements and footnotes related to statements that  
16 purport to show a financial position or changes in a financial position in  
17 conformity with generally accepted accounting principles or ~~other~~ ANOTHER  
18 comprehensive basis of accounting.

19 (b) Includes balance sheets, statements of income, statements of  
20 retained earnings, statements of cash flows, statements of changes in  
21 equity and other commonly used or recognized summaries of financial  
22 information.

23 (c) Does not include tax returns or information contained in tax  
24 returns.

25 ~~16.~~ 19. "Firm" means a business organization, a sole  
26 proprietorship or an individual who is registered pursuant to section  
27 32-731.

28 ~~17.~~ 20. "Good cause" means factors that temporarily prevent a  
29 registrant from satisfying a particular requirement in a specific instance  
30 as determined by the board and may include:

- 31 (a) A disability.
- 32 (b) An illness.
- 33 (c) A physical or mental condition.
- 34 (d) Military service.
- 35 (e) Financial hardship.
- 36 (f) A natural disaster.
- 37 (g) Any condition or circumstance that the board deems relevant.

38 21. "INVESTIGATION" MEANS THE PROCESSES UNDERTAKEN DURING THE  
39 PERIOD BETWEEN RECEIPT OR INITIATION OF A COMPLAINT OR INITIATION OF A  
40 CONTINUING PROFESSIONAL EDUCATION AUDIT AND EITHER A FINAL DISPOSITION BY  
41 THE BOARD OR A DISCIPLINARY PROCEEDING.

42 ~~18.~~ 22. "Jurisdiction" means, for the purposes of examination,  
43 certification, firm registration or limited reciprocity privilege, the  
44 fifty states of the United States, the District of Columbia, the United

1 States Virgin Islands, Guam, the Commonwealth of the Northern Mariana  
2 Islands or the Commonwealth of Puerto Rico.

3 ~~19.~~ 23. "Letter of concern" means an advisory letter to notify a  
4 registrant that, while the evidence does not warrant disciplinary action,  
5 the board believes that the registrant should modify or eliminate certain  
6 practices and that continuation of the activities that led to the evidence  
7 being submitted to the board may result in board action against the  
8 registrant. A letter of concern is not a disciplinary action.

9 ~~20.~~ 24. "Limited reciprocity privilege" means the permission to  
10 practice ~~as a certified public accountant~~ in this state pursuant to  
11 section 32-725 for an individual OR FIRM whose principal place of business  
12 is outside of this state.

13 ~~21.~~ 25. "Management advisory services" means advisory services  
14 consisting of the development of findings, conclusions or recommendations  
15 for the recipient's consideration and ~~decision making~~ DECISION-MAKING.

16 ~~22.~~ 26. "Office", for the purposes of firm registration, limited  
17 reciprocity privilege and fees, means any physical location that is used  
18 in the practice of accounting in this state and that is owned, leased,  
19 licensed for use or maintained by the firm or someone under the firm's  
20 authority.

21 27. "POSTBACCALAUREATE DEGREE" MEANS AN ACADEMIC DEGREE AWARDED  
22 AFTER A BACCALAUREATE DEGREE BY AN ACCREDITED INSTITUTION OR BY A COLLEGE  
23 OR UNIVERSITY THAT MAINTAINS STANDARDS COMPARABLE TO THOSE OF AN  
24 ACCREDITED INSTITUTION.

25 ~~23.~~ 28. "Practice of accounting" means providing accounting  
26 services for a client or an employer.

27 ~~24.~~ 29. "Registrant" means any certified public accountant or firm  
28 that is registered with the board.

29 ~~25.~~ 30. "Related courses" means:

- 30 (a) Business administration.
- 31 (b) Statistics.
- 32 (c) Computer science, information systems or data processing.
- 33 (d) Economics.
- 34 (e) Finance.
- 35 (f) Management.
- 36 (g) Business law.
- 37 (h) College algebra or more advanced mathematics.
- 38 (i) Advanced written communication.
- 39 (j) Advanced oral communication.
- 40 (k) General ethics.
- 41 (l) Marketing.
- 42 (m) Other courses that are closely related to the subject of

43 accounting or that are satisfactory to the board.

44 ~~26.~~ 31. "Sole proprietor" means the owner of a sole  
45 proprietorship.

1           ~~27.~~ 32. "Sole proprietorship" means a business that is owned by  
2 one individual and that does not have a legal distinction between the  
3 owner and the business.

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

6           32-703. Powers and duties; rules; executive director;  
7                                   advisory committees and individuals

8           A. The primary duty of the board is to protect the public from  
9 unlawful, incompetent, unqualified or unprofessional certified public  
10 accountants AND FIRMS through certification, regulation and  
11 rehabilitation.

12           B. The board may:

13           1. Investigate complaints filed with the board or on its own motion  
14 to determine whether a ~~certified public accountant~~ REGISTRANT OR LIMITED  
15 RECIPROcity PRIVILEGE INDIVIDUAL OR FIRM has engaged in conduct in  
16 violation of this chapter or rules adopted pursuant to this chapter.

17           2. Establish and maintain high standards of competence,  
18 independence and integrity in the practice of accounting by a certified  
19 public accountant as required by generally accepted auditing standards and  
20 generally accepted accounting principles and, in the case of publicly held  
21 corporations or enterprises offering securities for sale, in accordance  
22 with state or federal securities agency accounting requirements.

23           3. Establish reporting requirements that require registrants to  
24 report:

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

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

33           4. Establish basic requirements for continuing professional  
34 education of certified public accountants, except that the requirements  
35 shall not exceed eighty hours in any TWO-YEAR registration ~~renewal~~ period.

36           5. Adopt procedures concerning disciplinary actions, administrative  
37 hearings and consent decisions.

38           6. Issue to qualified applicants certificates executed for and on  
39 behalf of the board by the signatures of the president and secretary of  
40 the board.

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

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

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

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

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

11           12. Sue and be sued in ~~its~~ THE BOARD'S official name as an agency  
12 of this state.

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

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

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

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

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

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

25           (e) Approve a registrant's cancellation request pursuant to section  
26 32-730.02.

27           (f) Approve a request for retired status pursuant to section  
28 32-730.04.

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

31           (h) Approve compliance with peer review requirements pursuant to  
32 this section.

33           (i) Approve compliance with continuing professional education  
34 audits.

35           (j) Approve continuing professional education compliance with  
36 decisions and orders.

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

39           (l) Approve a request for continuing professional education  
40 reciprocity.

41           (m) APPROVE A REQUEST FOR INACTIVE STATUS PURSUANT TO SECTION  
42 32-730.01.

43           (n) APPROVE REINSTATEMENT FROM CANCELED OR EXPIRED STATUS PURSUANT  
44 TO SECTION 32-732.

- 1 C. The board or an authorized agent of the board may:
- 2 1. Issue subpoenas to compel the attendance of witnesses or the
- 3 production of documents. If a subpoena is disobeyed, the board may invoke
- 4 the aid of any court in requiring the attendance and testimony of
- 5 witnesses and the production of documents.
- 6 2. Administer oaths and take testimony.
- 7 3. Cooperate with the appropriate authorities in other
- 8 jurisdictions in investigation and enforcement concerning violations of
- 9 this chapter and comparable statutes of other jurisdictions.
- 10 4. Receive evidence concerning all matters within the scope of this
- 11 chapter.

12 Sec. 3. Section 32-721, Arizona Revised Statutes, is amended to

13 read:

14 32-721. Certified public accountants; qualifications; rules;

15 definition

16 A. The board shall issue a certificate of certified public

17 accountant to any individual who complies with all of the following:

- 18 1. Meets the requirements of section 41-1080.
- 19 2. Is at least eighteen years of age.
- 20 3. Has not engaged in any conduct that would constitute grounds for
- 21 revocation or suspension of a certificate or other disciplinary action
- 22 pursuant to section 32-741.
- 23 4. Meets the requirements of subsection B, C or D of this section.

24 B. If the applicant passes the uniform certified public accountant

25 examination and has never been certified, registered or licensed as a

26 certified public accountant in this state or another jurisdiction, the

27 applicant must ~~comply with both of the following:~~

28 ~~1. Have had at least two thousand hours of paid or unpaid~~

29 ~~experience, either before or after passing all sections of the uniform~~

30 ~~certified public accountant examination, that has exposed the applicant to~~

31 ~~and provided the applicant with experience in the practice of accounting.~~

32 ~~The applicant's experience must be sufficient to demonstrate the~~

33 ~~applicant's ability for critical inquiry and analysis of financial~~

34 ~~accounting information, including balance sheets, income statements, cash~~

35 ~~flow statements or tax returns and the applicant's ability to communicate,~~

36 ~~either orally or in writing, on the results of an inquiry or analysis of~~

37 ~~that information to an employer, client or third party.~~

38 ~~2. Present satisfactory evidence that the person has successfully~~

39 ~~obtained a baccalaureate degree or higher degree from an accredited~~

40 ~~institution or a college or university that maintains standards comparable~~

41 ~~to those of an accredited institution and that the applicant has completed~~

42 ~~at least one hundred fifty semester hours of education of which:~~

43 ~~(a) At least thirty-six semester hours are nonduplicative~~

44 ~~accounting courses of which at least thirty semester hours are upper-level~~

45 ~~courses.~~

1 ~~(b) At least thirty semester hours are related courses.~~ PRESENT  
2 SATISFACTORY EVIDENCE TO THE BOARD THAT THE APPLICANT MEETS AT LEAST OF  
3 ONE OF THE FOLLOWING:

4 1. HAS OBTAINED A BACCALAUREATE DEGREE AND HAS AT LEAST TWO YEARS  
5 OF EXPERIENCE.

6 2. HAS OBTAINED A BACCALAUREATE DEGREE AND THIRTY ADDITIONAL  
7 SEMESTER HOURS AND HAS AT LEAST ONE YEAR OF EXPERIENCE.

8 3. HAS OBTAINED A POSTBACCALAUREATE DEGREE AND AT LEAST ONE YEAR OF  
9 EXPERIENCE.

10 C. If the applicant passes the uniform certified public accountant  
11 examination or the international qualification examination and has a  
12 certificate, registration or license to practice as a certified public  
13 accountant in another jurisdiction and the applicant has never had a  
14 certificate issued by the board expire or be relinquished or revoked, at  
15 least one of the following ~~shall~~ MUST apply:

16 1. The certificate, registration or license is issued by a  
17 jurisdiction whose requirements are determined by the board to be  
18 substantially equivalent to the requirements prescribed in subsection B of  
19 this section.

20 ~~2. The applicant has a baccalaureate degree or its equivalent or a  
21 higher degree from an accredited institution or a college or university  
22 that maintains standards comparable to those of an accredited institution  
23 and either of the following applies:~~

24 ~~(a) The applicant has been employed as a certified public  
25 accountant in the practice of accounting for at least three years and has  
26 completed at least one hundred fifty semester hours of education that  
27 includes both of the following:~~

28 ~~(i) At least twenty-four semester hours of nonduplicative  
29 accounting courses, of which twelve semester hours are upper-level  
30 courses;~~

31 ~~(ii) At least eighteen semester hours in related courses;~~

32 ~~(b) The applicant has been employed as a certified public  
33 accountant in the practice of accounting for at least five of the ten  
34 preceding years and has completed both of the following:~~

35 ~~(i) At least twenty-four semester hours of nonduplicative  
36 accounting courses, of which twelve semester hours are upper-level  
37 courses;~~

38 ~~(ii) At least eighteen semester hours in related courses;~~

39 2. THE APPLICANT HAS BEEN EMPLOYED AS A CERTIFIED PUBLIC ACCOUNTANT  
40 IN THE PRACTICE OF ACCOUNTING FOR AT LEAST THREE YEARS AND HAS OBTAINED  
41 EITHER:

42 (a) A POSTBACCALAUREATE DEGREE.

43 (b) A BACCALAUREATE DEGREE AND THIRTY ADDITIONAL SEMESTER HOURS.

1           3. 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 OBTAINED A BACCALAUREATE DEGREE.

4           ~~3.~~ 4. The applicant has been employed as a certified public  
5 accountant in the practice of accounting for at least ten of the fifteen  
6 preceding years.

7           D. If an applicant passes the international uniform certified  
8 public accountant qualification examination of the American institute of  
9 certified public accountants, ~~and~~ BOTH of the following apply:

10           1. The applicant's country has a mutual recognition agreement with  
11 the national association of state boards of accountancy that has been  
12 adopted by the board.

13           2. The board recognizes that the applicant's qualifications are  
14 substantially equivalent to the qualifications of certified public  
15 accountants in the United States in the areas of education, examination  
16 and experience.

17           E. THE BOARD SHALL ADOPT RULES REGARDING THE NUMBER OF SEMESTER  
18 HOURS OF ACCOUNTING COURSES AND RELATED COURSES REQUIRED TO FULFILL THE  
19 REQUIREMENTS OF SUBSECTIONS B AND C OF THIS SECTION.

20           F. FOR THE PURPOSES OF THIS SECTION, "EXPERIENCE" MEANS ANY  
21 VERIFIED PAID OR UNPAID EXPERIENCE PROVIDING ACCOUNTING SERVICES THROUGH  
22 EMPLOYMENT GAINED IN GOVERNMENT INDUSTRY, ACADEMIA OR PUBLIC PRACTICE IN  
23 WHICH ONE YEAR EQUALS TWO THOUSAND HOURS.

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

26           32-723. Uniform certified public accountant examination;  
27 qualifications; notification of grades; appeals

28           A. A person shall ~~not~~ be ~~permitted~~ ALLOWED to take the uniform  
29 certified public accountant examination ~~unless~~ IF the person presents  
30 satisfactory evidence that the person has ~~successfully~~ obtained EITHER a  
31 baccalaureate degree or a ~~higher degree from an accredited institution or~~  
32 ~~a college or university that maintains standards comparable to those of an~~  
33 ~~accredited institution. The evidence must show both of the following:~~

34           ~~1. At least twenty-four semester hours of nonduplicative accounting~~  
35 ~~courses of which twelve semester hours are upper-level courses.~~

36           ~~2. At least eighteen semester hours in related courses.~~

37 POSTBACCALAUREATE DEGREE THAT INCLUDES A NUMBER OF SEMESTER HOURS OF  
38 ACCOUNTING COURSES AND RELATED COURSES AS DETERMINED BY THE BOARD BY RULE.

39           B. The board may contract with a public or private entity ~~for the~~  
40 ~~administration of~~ TO ADMINISTER the examination. The examination may be  
41 conducted under a uniform examination system.

1 C. Within a reasonable time after the examination, the board or its  
2 contracted agent shall notify each candidate of the candidate's grade.  
3 Any candidate may request a grade review or an appeal by submitting a  
4 uniform certified public accountant examination score review or appeal  
5 form to the board or the board's contracted agent.

6 Sec. 5. Section 32-725, Arizona Revised Statutes, is amended to  
7 read:

8 32-725. Limited reciprocity privilege; qualifications;  
9 business organizations; definition

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

13 B. To qualify to exercise the limited reciprocity privilege, an  
14 individual must:

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

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

17 3. Not be the subject of suspension or revocation of a certificate  
18 as provided by section 32-741 or relinquishment of a certificate as  
19 provided by section 32-730.06.

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

23 ~~(a) The other jurisdiction requires as a condition of licensure~~  
24 ~~that an individual has all of the following:~~

25 ~~(i) At least one hundred fifty semester hours of college education,~~  
26 ~~including a baccalaureate degree or a higher degree that is conferred by~~  
27 ~~an accredited institution or a college or university that maintains~~  
28 ~~standards that are comparable to those of an accredited institution.~~

29 ~~(ii) A passing grade on the uniform certified public accountant~~  
30 ~~examination.~~

31 ~~(iii) At least one year of experience in the practice of accounting~~  
32 ~~that has been verified.~~

33 ~~(b) The individual meets the qualifications prescribed in section~~  
34 ~~32-721, subsection C.~~

35 (a) THE INDIVIDUAL MEETS THE QUALIFICATIONS PRESCRIBED IN EITHER:

36 (i) SECTION 32-721, SUBSECTION A.

37 (ii) SECTION 32-4302.

38 (b) THE INDIVIDUAL HOLDS A VALID ACTIVE REGISTRATION, CERTIFICATE  
39 OR LICENSE AS A CERTIFIED PUBLIC ACCOUNTANT FROM ANY JURISDICTION AS OF  
40 DECEMBER 31, 2024.

41 C. An individual ~~qualifying~~ WHO QUALIFIES for limited reciprocity  
42 privilege under this section is considered to have qualifications that are  
43 substantially equivalent to the requirements prescribed pursuant to this  
44 chapter and has all of the privileges of registrants, certificate holders

1 or licensees in this state without obtaining a registration, certificate  
2 or license under this chapter.

3 D. An individual ~~qualifying~~ WHO QUALIFIES for limited reciprocity  
4 privilege under this section may use the CPA designation and may offer or  
5 practice accounting in person or by mail, telephone or electronic means.  
6 A notice, fee or other submission is not required. The individual is  
7 subject to the requirements prescribed in subsection E of this section.

8 E. Each individual who holds a registration, certificate or license  
9 issued by another jurisdiction and who exercises the limited reciprocity  
10 privilege and each partnership, corporation or other entity engaging in  
11 the practice of accounting as provided by this section, as a condition of  
12 exercising the privilege provided by this section:

13 1. Shall:

14 (a) Comply with article 3 of this chapter and rules adopted  
15 pursuant to article 3 of this chapter. In any investigation or ~~other~~  
16 ~~proceedings~~ DISCIPLINARY PROCEEDING conducted pursuant to article 3 of  
17 this chapter, an individual claiming permission to practice as a certified  
18 public accountant in this state under the limited reciprocity privilege  
19 has the burden of demonstrating that the applicable requirements of  
20 subsection B of this section have been satisfied.

21 (b) Cease the offering or practicing of accounting in person or by  
22 mail, telephone or electronic means in this state if the individual no  
23 longer satisfies the requirements of subsection B of this section or the  
24 partnership, corporation or other entity no longer satisfies the  
25 requirements of subsection G of this section.

26 2. Is subject to:

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

30 (b) Service by either of the following:

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

35 (ii) Directly on the person.

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

42 1. Expert witness services.

43 2. Teaching or lecturing.

44 3. Other services as determined by the board.

1 G. A business organization formed under the laws of another  
2 jurisdiction relating to the practice of accounting in that jurisdiction  
3 may use the CPA designation in this state and may engage in the practice  
4 of accounting in this state, including the provision of attest services,  
5 without having to register as a firm if all of the following apply:

6 1. The business organization is owned by or employs an individual  
7 who is a limited reciprocity privilege holder pursuant to this section.

8 2. The business organization is in good standing in its principal  
9 place of business under the laws of that jurisdiction relating to the  
10 practice of accounting.

11 3. The principal place of business of the limited reciprocity  
12 privilege holder is a recognized place of business for the practice of  
13 accounting by the business organization.

14 4. The business organization does not have an office in this state  
15 and does not represent that it has an office in this state.

16 5. The business organization holds an active permit or registration  
17 as a certified public accountant firm in another jurisdiction.

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

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

24 Sec. 6. Section 32-729, Arizona Revised Statutes, is amended to  
25 read:

26 32-729. Fees

27 The board shall establish and collect:

28 1. A uniform fee from an applicant for each initial examination and  
29 reexamination application pursuant to section 32-723 to cover reasonable  
30 costs of reviewing the applicant's eligibility to take the examination and  
31 facilitating the applicant to take the examination until the applicant  
32 passes all sections.

33 2. A uniform fee from each applicant for a certificate to be issued  
34 pursuant to section 32-721.

35 3. A uniform registration fee of at least ~~one hundred~~ \$100 and not  
36 more than ~~three hundred dollars~~ \$300 from each applicant for registration  
37 as a certified public accountant pursuant to section 32-730. The  
38 registration fee is due during the month of the anniversary of the  
39 registrant's birth. Registrants for less than two years shall be charged  
40 on a pro rata basis for the remainder of the registration period. The  
41 board shall establish and collect a late fee, if applicable, of not more  
42 than ~~one hundred dollars~~ \$100.

43 4. A uniform registration fee of at least ~~one hundred dollars~~ \$100  
44 and not more than ~~three hundred dollars~~ \$300 from each applicant for  
45 registration as a firm pursuant to section 32-730. The registration fee

1 is due during the month of the anniversary of the effective date of the  
2 firm's formation. ~~REGISTRANTS FOR LESS THAN TWO YEARS SHALL BE CHARGED ON~~  
3 ~~A PRO RATA BASIS FOR THE REMAINDER OF THE REGISTRATION PERIOD.~~ The board  
4 shall establish and collect a late fee, if applicable, of not more than  
5 ~~one hundred dollars~~ \$100. The board shall not charge a fee for the  
6 registration of additional offices of the same firm or for the  
7 registration of a sole proprietorship or an individual who is required to  
8 register as a firm pursuant to section 32-731.

9 5. A uniform application fee in an amount to be determined by the  
10 board ~~to reinstate~~ FOR REINSTATEMENT pursuant to this chapter.

11 6. A uniform registration fee of ~~fifty dollars~~ \$50 for retired  
12 status registration as described in section 32-730.04. ~~THE REGISTRATION~~  
13 ~~FEE IS DUE DURING THE MONTH OF THE ANNIVERSARY OF THE REGISTRANT'S BIRTH.~~  
14 ~~REGISTRANTS FOR LESS THAN TWO YEARS SHALL BE CHARGED ON A PRO RATA BASIS~~  
15 ~~FOR THE REMAINDER OF THE REGISTRATION PERIOD.~~ The board shall establish  
16 and collect a late fee, if applicable, and it is the intent of the  
17 legislature that the fee be not more than ~~one hundred dollars~~ \$100.

18 Sec. 7. Section 32-730, Arizona Revised Statutes, is amended to  
19 read:

20 32-730. Biennial registration; continuing professional  
21 education

22 A. Except as provided in subsection B of this section and in  
23 section 32-4301, the board shall require ~~every~~ EACH certified public  
24 accountant and firm to register once every two years with the board and  
25 pay a registration fee pursuant to section 32-729.

26 B. The registration fee for certified public accountants may be  
27 reduced or waived by the board for registrants with a disability to a  
28 degree precluding the continuance of their practice for six months or more  
29 ~~prior to~~ BEFORE the due date of any ~~renewal~~ REGISTRATION fee.

30 C. At the time of registration, ~~every~~ EACH certified public  
31 accountant, as a prerequisite to biennial registration, shall submit to  
32 the board satisfactory proof in a manner prescribed by the board that the  
33 registrant has completed the continuing professional education  
34 requirements established by the board. The board may grant a full or  
35 partial exemption from continuing professional education requirements or  
36 an extension of time to complete the continuing professional education  
37 requirements for registrants on a demonstration of good cause.

38 Sec. 8. Section 32-730.02, Arizona Revised Statutes, is amended to  
39 read:

40 32-730.02. Canceled status

41 A. A registrant may cancel a certificate or registration by  
42 submitting a written request on a form prescribed by the board. A  
43 registrant whose certificate or registration is under INVESTIGATION OR a  
44 disciplinary order by the board, except for suspension for nonregistration

1 pursuant to section 32-741.01, or against whom disciplinary proceedings  
2 have been initiated may not cancel the certificate or registration.

3 B. ~~An individual whose certificate has been~~ A REGISTRANT WHOSE  
4 CERTIFICATE OR REGISTRATION IS canceled shall not assume or use the CPA  
5 designation while the certificate OR REGISTRATION remains on canceled  
6 status unless the individual OR FIRM qualifies for limited reciprocity  
7 privilege pursuant to section 32-725.

8 Sec. 9. Section 32-730.06, Arizona Revised Statutes, is amended to  
9 read:

10 32-730.06. Relinquished status; acknowledgment

11 A. A registrant may relinquish a certificate or firm registration  
12 pending or ~~in lieu~~ INSTEAD of an investigation or disciplinary proceeding  
13 or while under a disciplinary order. The board shall consider a  
14 relinquishment tendered by a registrant pursuant to this section and shall  
15 determine whether to accept the relinquishment. THE BOARD MAY OFFER  
16 RELINQUISHMENT TO A REGISTRANT PURSUANT TO THIS SECTION. The board shall  
17 issue an order documenting its decision.

18 B. An individual whose certificate, or an individual, sole  
19 proprietor or business organization whose firm registration, has been  
20 relinquished shall not assume or use the CPA designation.

21 C. If the board accepts the relinquishment of a certificate of a  
22 certified public accountant or registration of a firm, IN ORDER TO  
23 COMPLETE THE RELINQUISHMENT the registrant shall acknowledge that AN  
24 INVESTIGATION OR disciplinary ~~proceedings have~~ PROCEEDING HAS been  
25 initiated against the registrant pursuant to article 3 of this chapter and  
26 that the registrant relinquishes the right to practice accounting as a  
27 certified public accountant or firm in this state. The registrant shall  
28 acknowledge that the registrant understands both of the following:

29 1. If the registrant chooses to apply for REINSTATEMENT OF a ~~new~~  
30 certificate or firm registration, the registrant shall meet all  
31 requirements for ~~certification or firm registration pursuant to section~~  
32 ~~32-731~~ REINSTATEMENT PURSUANT TO SECTION 32-732.

33 2. In deciding whether to ~~issue a new~~ REINSTATE A certificate or  
34 firm registration to the registrant, the board will consider all  
35 disciplinary actions currently pending against the registrant and any  
36 other matters ~~if~~ THE BOARD determines to be appropriate.

37 Sec. 10. Section 32-731, Arizona Revised Statutes, is amended to  
38 read:

39 32-731. Firms; registration requirements; performance of  
40 attest services and compilation services;  
41 definition

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

- 1           1. A business organization that meets all of the following  
2 criteria:
- 3           (a) Has a simple majority of the ownership, in terms of direct and  
4 indirect financial interests and voting rights, that belongs to holders in  
5 good standing of certificates or licenses as certified public accountants  
6 in any jurisdiction.
- 7           (b) Has an office in this state.
- 8           (c) Either:
- 9           (i) Performs attest services or compilation services.  
10           (ii) Uses the CPA designation in its firm name.
- 11           2. A sole proprietorship that meets all of the following criteria:
- 12           (a) Has an owner that is a certified public accountant in good  
13 standing in this state.
- 14           (b) Has an office in this state.
- 15           (c) Either:
- 16           (i) Performs attest services or compilation services.  
17           (ii) Uses the CPA designation in its business name, unless the  
18 business name is the name of the sole proprietor as registered with the  
19 board.
- 20           3. An individual who meets both of the following criteria:
- 21           (a) Is a certified public accountant in good standing in this  
22 state.
- 23           (b) Either:
- 24           (i) Performs attest services or compilation services in this state,  
25 other than as an owner or employee of a sole proprietorship or business  
26 organization required to register under paragraph 1 or 2 of this  
27 subsection or in the capacity as an employee of a governmental entity.
- 28           (ii) Uses the CPA designation, unless the name used is the name of  
29 the individual as registered with the board.
- 30           B. Attest services or compilation services shall be provided only  
31 through a registered firm in good standing in this state. Any attest  
32 services or compilation services reports issued by a firm must be signed  
33 by a person who is certified pursuant to this chapter or qualified to  
34 exercise the limited reciprocity privilege pursuant to section 32-725,  
35 subsection G.
- 36           C. An application or registration pursuant to this section shall be  
37 made by an owner of the firm who is a certified public accountant in good  
38 standing. A firm that is registered pursuant to this section may use the  
39 CPA designation in connection with its firm name as provided for by the  
40 board in its rules.
- 41           D. A firm that applies or registers pursuant to this section shall  
42 list in its application or registration all jurisdictions in which the  
43 firm has any disciplinary actions, other than for failure to timely ~~renew~~  
44 ~~a registration~~, REGISTER A license or permit, by any other jurisdiction.

1 E. Except as provided in subsection F of this section, an applicant  
2 for registration or a firm registered pursuant to this section shall  
3 notify the board in writing within one month of any change in owners that  
4 results in less than a simple majority of the ownership in terms of direct  
5 and indirect financial interests and voting rights that belong to holders  
6 in good standing of certificates or licenses as certified public  
7 accountants in any jurisdiction.

8 F. The board or the board's executive director may grant a  
9 reasonable period of time for the firm to take corrective action to  
10 maintain its qualifications as a firm.

11 G. Professional corporations that are composed of certified public  
12 accountants shall meet the requirements of title 10, chapter 20 and any  
13 additional nonconflicting requirements contained in this section.

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

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

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

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

24 2. For a firm, a status that allows the firm to use the CPA  
25 designation.

26 Sec. 11. Section 32-732, Arizona Revised Statutes, is amended to  
27 read:

28 32-732. Reactivation from inactive or retired status;  
29 reinstatement from canceled, expired, relinquished  
30 or revoked status

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

34 1. The registrant files an application ~~for renewal~~ on the form  
35 prescribed by the board and pays the registration fee pursuant to section  
36 32-729.

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

39 3. Either:

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

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

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

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

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

10 3. Either:

11 (a) The registrant affirms that the individual has not engaged in  
12 any conduct during the period of time that the certificate was in canceled  
13 status that would constitute a reason to suspend or revoke the certificate  
14 pursuant to section 32-741.

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

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

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

21 1. The requirements prescribed by subsection B, paragraphs 1, 2 and  
22 4 of this section.

23 2. If prescribed by a board relinquishment or revocation order,  
24 presents satisfactory evidence from an accredited institution or a college  
25 or university that maintains standards comparable to those of an  
26 accredited institution that the individual has ~~completed at least one~~  
27 ~~hundred fifty semester hours of education as follows:~~

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

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

31 OBTAINED A BACCALAUREATE DEGREE OR POSTBACCALAUREATE DEGREE. THE BOARD  
32 SHALL ADOPT RULES REGARDING THE NUMBER OF SEMESTER HOURS OF ACCOUNTING  
33 COURSES AND RELATED COURSES REQUIRED TO FULFILL THIS REQUIREMENT.

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

37 4. Demonstrates through substantial evidence presented to the board  
38 that the individual is completely rehabilitated with respect to the  
39 conduct that was pending or outstanding at the time the certificate was  
40 relinquished or revoked or that occurred before or after the certificate  
41 expired. Demonstration of rehabilitation includes evidence of the  
42 following:

43 (a) The individual has not engaged in any conduct that, if the  
44 individual had been registered during the period the conduct occurred,

1 would have constituted a basis for revocation or suspension pursuant to  
2 section 32-741.

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

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

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

14 (e) Other evidence of rehabilitation that the board deems  
15 appropriate.

16 D. Except as otherwise provided in subsection C of this section,  
17 the board may not issue a certificate to an individual whose certificate  
18 has been revoked until five years after the effective date of revocation.  
19 If the revocation is based only on section 32-741, subsection A, paragraph  
20 1 or 2 and the criminal conviction is ultimately reversed on appeal, the  
21 board shall enter an order vacating the revocation.

22 E. An individual, sole proprietor or business organization whose  
23 firm registration has been canceled may request that the firm registration  
24 be reinstated if the individual, sole proprietor or business organization  
25 does all of the following:

26 1. Files an application for reinstatement on the form prescribed by  
27 the board and pays the reinstatement application fee pursuant to section  
28 32-729.

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

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

32 F. An individual, sole proprietor or business organization whose  
33 firm registration has expired or been relinquished or revoked may request  
34 that the firm registration be reinstated if the individual, sole  
35 proprietor or business organization meets all of the following  
36 requirements:

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

38 2. Demonstrates through substantial evidence presented to the board  
39 that the firm is completely rehabilitated with respect to the conduct that  
40 was pending or outstanding at the time the registration was relinquished  
41 or revoked or that occurred before or after the registration expired.  
42 Demonstration of rehabilitation includes evidence of the following:

43 (a) The firm or any owner of the firm has not engaged in any  
44 conduct that, if the firm had been registered during the period the

1 conduct occurred, would have constituted a basis for revocation or  
2 suspension pursuant to section 32-741.

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

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

9 (d) Other evidence of rehabilitation that the board deems  
10 appropriate.

11 Sec. 12. Section 32-741, Arizona Revised Statutes, is amended to  
12 read:

13 32-741. Revocation or suspension of certificate or  
14 registration; summary suspension; disciplinary  
15 actions; letter of concern

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

20 1. Conviction of a felony under the laws of any jurisdiction or of  
21 the United States if civil rights have not been restored pursuant to title  
22 13, chapter 9 or ~~other~~ ANOTHER applicable recognized judicial or  
23 gubernatorial order.

24 2. Conviction of any crime that has a reasonable relationship to  
25 the practice of accounting by a certified public accountant, including  
26 crimes involving accounting or tax violations, dishonesty, fraud,  
27 misrepresentation, embezzlement, theft, forgery, perjury or breach of  
28 fiduciary duty, regardless of whether civil rights have been restored.

29 3. Fraud or deceit in obtaining a certificate as a certified public  
30 accountant under this chapter.

31 4. Dishonesty, fraud or gross or continuing negligence in the  
32 practice of accounting.

33 5. Discipline to the holder of any certificate or other authority  
34 to practice or refusal to ~~renew~~ REGISTER the certificate or other  
35 authority to practice as a certified public accountant by any other  
36 jurisdiction or foreign country for any cause other than failure to pay  
37 license or registration fees.

38 6. Violation of any of the provisions of this chapter, of title 44,  
39 chapter 12, article 13 or of any fraud provisions of the federal  
40 securities laws.

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

1           8. Final judgment or order in a civil action or administrative  
2 proceeding if the court or agency makes findings of violations of any  
3 fraud provisions of the laws of any jurisdiction or federal securities  
4 laws.

5           9. Violation of any decision, order or rule issued or adopted by  
6 the board.

7           10. Suspension or revocation for cause of the right to practice  
8 before the federal securities and exchange commission or any other  
9 governmental body or agency or the public company accounting oversight  
10 board or its successor.

11           11. Offering or accepting commissions or contingency fees for  
12 services rendered for clients for whom attest services are also offered or  
13 rendered in the performance of the practice of accounting unless:

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

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

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

20           13. Making any false or misleading statement or verification in  
21 support of an application for a certificate, registration or permit filed  
22 by another person.

23           14. Making a false or misleading statement:

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

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

26           (c) In written correspondence to the board.

27           15. Failing to respond in writing or furnish information in a timely  
28 manner to the board or its designated agent, if the information is legally  
29 requested by the board and is in the registrant's possession or control.

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

34           1. A notice of conviction of any crime that has a reasonable  
35 relationship to the practice of accounting, including crimes involving  
36 accounting or tax violations, dishonesty, fraud, misrepresentation,  
37 embezzlement, theft, forgery, perjury or breach of fiduciary duty or of  
38 any felony.

39           2. A final judgment or order in a civil action or administrative  
40 proceeding in which the court or agency made findings of violations of any  
41 fraud provisions of the laws of any jurisdiction or federal securities  
42 laws.

43           C. The board may take disciplinary action against a holder of a  
44 certificate issued pursuant to this chapter who is practicing accounting  
45 even if the person is not representing to the public that the person is a

1 certified public accountant and even if the person is practicing  
2 accounting in a firm that is not registered by the board.

3 D. The board may issue a letter of concern if, in the opinion of  
4 the board, there is insufficient evidence to support disciplinary action  
5 against the registrant, but the board believes, as a result of information  
6 ascertained during an investigation, that continuation of the activities  
7 that led to the investigation may result in future board action against  
8 the registrant. A registrant may file a response with the board within  
9 thirty days after receipt of a letter of concern. Letters of concern  
10 issued by the board and records kept by the board in connection with  
11 investigations leading to letters of concern are confidential and are not  
12 public records.

13 Sec. 13. Section 32-741.01, Arizona Revised Statutes, is amended to  
14 read:

15 32-741.01. Suspension for nonregistration; expiration of  
16 certificate or registration

17 A. The certificate or registration of any registrant who fails to  
18 timely register and pay the ~~biennial~~ registration fee as required by  
19 section 32-729 is automatically suspended without prior notice or a  
20 hearing.

21 B. A registrant whose certificate or registration is suspended  
22 shall not assume or use the CPA designation while the registrant's  
23 certificate or registration remains on suspended status.

24 C. A suspension under this section is vacated when the board has  
25 determined that the registrant has paid all past due fees and has  
26 satisfied all other requirements for ~~renewal~~ REGISTRATION.

27 D. If the registrant fails to ~~renew~~ REGISTER the registrant's  
28 certificate or registration within three months after the date of  
29 suspension, the certificate or registration expires.

30 Sec. 14. Section 32-741.02, Arizona Revised Statutes, is amended to  
31 read:

32 32-741.02. Suspension for noncompliance with continuing  
33 education requirements; expiration of  
34 certificate

35 A. After notice and an opportunity for a hearing, the board shall  
36 suspend the certificate of any registrant who fails to show proof of  
37 compliance with the continuing professional education requirements  
38 established by the board pursuant to section 32-730.

39 B. A registrant whose certificate is suspended shall not assume or  
40 use the CPA designation while the registrant's certificate remains on  
41 suspended status.

42 C. A suspension issued under this section is vacated when the board  
43 has determined that the registrant has complied with the continuing  
44 professional education requirements and has satisfied all other  
45 requirements for ~~renewal~~ REGISTRATION.

1 D. If the registrant fails to meet the requirements of subsection C  
2 of this section within six months after the date of suspension, the  
3 certificate expires.

4 Sec. 15. Section 32-742, Arizona Revised Statutes, is amended to  
5 read:

6 32-742. Revocation or suspension of firm's registration;  
7 failure to register or reinstate; reinstatement;  
8 relinquishment

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

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

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

17 Sec. 16. Section 32-743, Arizona Revised Statutes, is amended to  
18 read:

19 32-743. Disciplinary proceedings; notice; hearings; attorney  
20 general representation; judicial review

21 A. The board may initiate DISCIPLINARY proceedings under this  
22 chapter, for cause, either on its own motion or a verified complaint  
23 pursuant to title 41, chapter 6, article 10.

24 B. A written notice stating the nature of the charge or charges  
25 against ~~the holder of a certificate~~ A REGISTRANT and the time and place of  
26 ~~the~~ A hearing before the board on the charges shall be served ~~not less~~  
27 ~~than~~ AT LEAST twenty days ~~prior to~~ BEFORE the date of the hearing either  
28 personally or by mailing a copy of the notice, BY certified mail, to the  
29 address last known to the board.

30 C. If, after having been served with the notice of hearing, the  
31 person fails to appear at the hearing and defend, the board may proceed to  
32 hear evidence against the person and may enter ~~such~~ AN order as ~~shall be~~  
33 IS justified by the evidence.

34 D. At all hearings the attorney general of this state, one of the  
35 attorney general's assistants or a special assistant designated by the  
36 attorney general shall appear and represent the board.

37 E. The decision of the board shall be by majority vote. Any person  
38 aggrieved by the decision may file a motion for a rehearing pursuant to  
39 title 41, chapter 6, article 10.

40 F. Except as provided in section 41-1092.08, subsection H, the  
41 board's final decision is subject to judicial review pursuant to title 12,  
42 chapter 7, article 6.

1           Sec. 17. Section 32-749, Arizona Revised Statutes, is amended to  
2 read:

3           32-749. Confidential nature of information acquired by  
4                                   accountants; privilege; conditions for disclosure;  
5                                   public records; exceptions

6           A. ~~Certified public accountants~~ REGISTRANTS practicing in this  
7 state shall not be required to divulge, nor shall they voluntarily  
8 divulge, client records or information they have received by reason of the  
9 confidential nature of their employment. Information derived from or as a  
10 result of a professional source shall be kept confidential as provided in  
11 this section, but this section does not modify, change or affect the  
12 criminal or bankruptcy laws of this state or the United States or limit  
13 the authority of this state or any agency of this state to subpoena and  
14 use the information in connection with any investigation, public hearing  
15 or other proceeding.

16           B. The board shall not require a registrant to disclose taxpayer  
17 information protected from disclosure by section 42-2069 or section 43-381  
18 except as provided by those sections.

19           C. This section and section 32-744 do not prohibit the disclosure  
20 of information for:

21           1. Compliance with ethical investigations or practice monitoring  
22 programs conducted by the board or private professional organizations  
23 pursuant to programs preapproved by the board. These programs include,  
24 but are not limited to, quality and peer reviews. The scope of quality  
25 and peer reviews may include subsequent, remedial or corrective actions.  
26 Disclosure of information under this paragraph ~~shall~~ DOES not destroy its  
27 confidentiality and privilege ~~nor~~ OR relieve any registrant of the  
28 obligation of confidentiality. The registrants to whom the information is  
29 provided shall be bound by this section.

30           2. Access by the board or its duly authorized agents or employees  
31 during business hours to examine and copy any documents, reports, records  
32 or other physical evidence of any person being investigated by the board  
33 on its own motion or as the result of a complaint received, if the  
34 documents, reports, records or evidence relates to the competence or  
35 professional conduct of the registrant who is being investigated.

36           D. Records the board maintains in exercising its statutory duties  
37 are presumed to be public records pursuant to title 39, chapter 1, article  
38 2 and are generally accessible for inspection and copying. Exceptions to  
39 the public records presumption include investigations of registrants,  
40 EXCEPT FOR CONTINUING PROFESSIONAL EDUCATION AUDITS. The board shall  
41 treat as confidential information the complaint, the investigation report,  
42 the testimony and documents submitted in support of the complaint or  
43 gathered in the investigation, including information obtained pursuant to  
44 section 32-721, and any correspondence related to the complaint or  
45 investigation. After the initial analysis under section 32-742.01, if the

1 board opens an investigation file on a complaint, the details and records  
2 of the complaint and investigation shall remain confidential. However the  
3 fact that a complaint or investigation is pending and the nature of the  
4 complaint shall be public. The board shall not disclose this confidential  
5 information to any person except law enforcement authorities and, to the  
6 extent deemed necessary to conduct the investigation, the subject of the  
7 investigation, persons whose complaints are being investigated and  
8 witnesses questioned in the course of the investigation. Except for  
9 client records or information and any information from which the client or  
10 the client's property may be identified, the information made confidential  
11 under this subsection becomes public record if the board institutes civil  
12 enforcement or disciplinary proceedings or issues a consent order in lieu  
13 of disciplinary proceedings. If the board dismisses the matter with no  
14 disciplinary action, the board may disclose the information relating to  
15 the matter only with the consent of the registrant or entity under  
16 investigation.

17 Sec. 18. Effective date

18 This act is effective from and after December 31, 2026.

19 Sec. 19. Short title

20 This act may be cited as the "Certified Public Accounting Act of  
21 2026".