

**SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 147**

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTIETH LEGISLATURE - SECOND SESSION

BY REPRESENTATIVE THOMPSON

Introduced: 2/2/18

Referred: Labor and Commerce

**A BILL**

**FOR AN ACT ENTITLED**

1 **"An Act relating to the Board of Public Accountancy; relating to the licensure of public**  
2 **accountants; and relating to the practice of public accounting."**

3 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

4 \* **Section 1.** AS 08.04.080 is amended to read:

5 **Sec. 08.04.080. Adoption of rules.** The board may adopt rules of professional  
6 conduct to establish and maintain a high standard of integrity and dignity in the  
7 profession of public accounting. At least 30 days before the adoption of any rule or  
8 amendment, the board shall send a notice [MAIL COPIES] of the proposed rule or  
9 amendment [TOGETHER WITH A NOTICE OF ITS EFFECTIVE DATE] to each  
10 holder of a license or permit issued under this chapter to the address of the license or  
11 permit holder last known to the board.

12 \* **Sec. 2.** AS 08.04.110 is amended to read:

13 **Sec. 08.04.110. Personal requirements.** An applicant for a certified public  
14 accountant license shall be [AT LEAST 19 YEARS OF AGE AND] of good moral

1 character.

2 \* **Sec. 3.** AS 08.04.195(a) is amended to read:

3 (a) Notwithstanding AS 08.04.110 - 08.04.190, the board may issue a license  
4 to engage in the practice of public accounting to an applicant who holds a license, or  
5 its equivalent, issued by another state if the applicant

6 (1) passed the Uniform Certified Public Accountant Examination of  
7 the American Institute of Certified Public Accountants in order to receive the  
8 applicant's initial license from the other state;

9 (2) [HAS FOUR YEARS OF EXPERIENCE OUTSIDE THE STATE  
10 IN THE PRACTICE OF PUBLIC ACCOUNTING OR] meets **the accounting**  
11 **experience** [EQUIVALENT] requirements established by the board by regulation;  
12 [THE FOUR YEARS MUST OCCUR AFTER THE APPLICANT PASSES THE  
13 EXAMINATION REQUIRED IN (1) OF THIS SUBSECTION AND WITHIN THE  
14 10 YEARS IMMEDIATELY PRECEDING THE APPLICANT'S APPLICATION  
15 UNDER THIS CHAPTER;]

16 (3) is not the subject of review procedures, disciplinary proceedings, or  
17 unresolved complaints related to the applicant's license from another state; and

18 (4) is of good moral character.

19 \* **Sec. 4.** AS 08.04 is amended by adding a new section to read:

20 **Sec. 08.04.565. Prohibited acts.** An individual licensed under AS 08.04.105  
21 may not perform attest functions through a partnership, limited liability company,  
22 corporation, or other business entity unless the partnership, limited liability company,  
23 corporation, or other business entity holds a valid permit issued under AS 08.04.240.

24 \* **Sec. 5.** AS 08.04.662 is amended to read:

25 **Sec. 08.04.662. Confidential communications.** (a) A license holder, a permit  
26 holder, a practice privilege holder, an out-of-state exemption holder, or a partner, an  
27 officer, a shareholder, a member, or an employee of a license holder, a permit holder,  
28 an out-of-state exemption holder, or a practice privilege holder may not reveal  
29 information communicated to the license holder, permit holder, out-of-state exemption  
30 holder, or practice privilege holder by a client about a matter concerning which the  
31 client has employed the license holder, permit holder, out-of-state exemption holder,

1 or practice privilege holder in a professional capacity. This section does not apply to

2 (1) information required to be disclosed by the standards of the public  
3 accounting profession in reporting on the examination of financial statements;

4 (2) the release of information the client has authorized the license  
5 holder, permit holder, out-of-state exemption holder, or practice privilege holder to  
6 reveal;

7 (3) information revealed as part of the discovery of evidence related to  
8 a court or administrative proceeding or introduced in evidence in a court or  
9 administrative proceeding;

10 (4) information revealed in ethical investigations conducted by private  
11 professional organizations; [OR]

12 (5) information revealed in the course of a quality review under  
13 AS 08.04.426; **or**

14 **(6) information disclosed**

15 **(A) under applicable state or federal laws or regulations; or**

16 **(B) as required by the Public Company Accounting**

17 **Oversight Board.**

18 (b) Client information obtained by the board under **(a)(3) - (6)** [(a)(3) - (5)] of  
19 this section is confidential and is not a public record for purposes of AS 40.25.110 -  
20 40.25.140.

21 \* **Sec. 6.** AS 08.04.680(1) is amended to read:

22 (1) "attest function" means

23 (A) an audit or other engagement, if the performance of the  
24 audit or other engagement is established by the Statements on Auditing  
25 Standards;

26 (B) a review of a financial statement, if the performance of the  
27 review is established by the Statements on Standards for Accounting and  
28 Review Services;

29 (C) an examination of prospective financial information, if the  
30 performance of the examination is established by the Statements on Standards  
31 for Attestation Engagements; [OR]

1 (D) an engagement, if the performance of the engagement is  
 2 established by the Auditing Standards of the Public Company Accounting  
 3 Oversight Board; or

4 (E) any examination, review, or agreed upon procedure to  
 5 be performed in accordance with the standards on attestation  
 6 engagements as

7 (i) developed by national accountancy organizations,  
 8 including the American Institute of Certified Public Accountants  
 9 and the Public Company Accounting Oversight Board; and

10 (ii) adopted by the board in regulation;

11 \* Sec. 7. AS 08.04.680(19) is amended to read:

12 (19) "report," when used with reference to an attest or compilation  
 13 service,

14 (A) [FINANCIAL STATEMENTS,] means

15 (i) an opinion, report, or other form of language that  
 16 states or implies assurance as to the reliability of financial statements  
 17 and that also contains [INCLUDES] or is accompanied by a statement  
 18 or implication that the person issuing it has special knowledge or  
 19 competency in accounting or auditing, which [; A STATEMENT OR  
 20 IMPLICATION OF SPECIAL KNOWLEDGE OR COMPETENCE]  
 21 may arise from use by the issuer of the report of names or titles  
 22 indicating that the issuer is a certified public accountant or auditor, or  
 23 from the language of the report itself;

24 (ii) [EXCEPT AS PROVIDED IN THIS  
 25 PARAGRAPH, "REPORT" INCLUDES] any form of language that  
 26 disclaims an opinion when the form of the language is conventionally  
 27 understood to imply a positive assurance as to the reliability of the  
 28 financial statements referred to or special competence on the part of the  
 29 person issuing the language;

30 (iii) [AND "REPORT" INCLUDES] any other form of  
 31 language that is conventionally understood to imply that [SUCH]

1 assurance or [SUCH] special knowledge or competence;

2 **(B)** ["REPORT"] does not include

3 **(i)** [(A)] a compilation of financial statement language  
4 that does not express or imply assurance or special knowledge or  
5 competence; or

6 **(ii)** [(B)] the following disclaimer language when used  
7 by a person without a license, a practice privilege, or an out-of-state  
8 exemption in connection with financial statements:

9 [(i)] "I (we) have prepared the accompanying (financial  
10 statements) of (name of entity) as of (time period) for  
11 the (period) then ended. This presentation is limited to  
12 preparing, in the form of financial statements,  
13 information that is the representation of management  
14 (owners)."; or

15 [(ii)] "I (we) have not audited or reviewed the  
16 accompanying financial statements and, accordingly, do  
17 not express an opinion or any other form of assurance on  
18 them.";

19 \* **Sec. 8.** AS 08.04.680(20) is amended to read:

20 (20) "state" means a state of the United States, the District of  
21 Columbia, the Commonwealth of Puerto Rico, **the Northern Mariana Islands,**  
22 Guam, the **United States** Virgin Islands, and American Samoa.

23 \* **Sec. 9.** AS 08.04.120(b), 08.04.180, 08.04.580, 08.04.590, 08.04.595, and 08.04.598 are  
24 repealed.