

REVENUE: No revenue impact

FISCAL: No fiscal impact

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Action: Do Pass  
Vote: 5 - 0 - 0  
Yeas: Deckert, George L, Monnes Anderson, Starr, Metsger  
Nays: 0  
Exc.: 0  
Prepared By: Janet Adkins, Administrator  
Meeting Dates: 1-17

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**WHAT THE MEASURE DOES:** Authorizes the Board of Accountancy to allow public accounting firms extensions of time in order to meet an existing requirement that a majority of firm ownership belong to licensed accountants.

**ISSUES DISCUSSED:**

- History of the ownership requirement
- Examples of circumstances when extension might be necessary
- Importance of continuity for firms

**EFFECT OF COMMITTEE AMENDMENT:** No amendment.

**BACKGROUND:** Prior to 2000, the ownership of public accounting firms was entirely restricted to licensed accountants (either certified public accountants or licensed public accountants). This 100 percent licensed-owner requirement was relaxed by the 1999 Legislature to allow some unlicensed ownership interest if a majority of the firm was still held by licensees. Current law requires termination of a firm's registration if the ownership requirement is not met.

The death or disability of an owner could suddenly change the level of licensed-owner interest and bring the firm out of compliance. The Board of Accountancy considers it prudent to allow a reasonable extension of time for such a firm to return to compliance with the ownership requirement. SB 182 would authorize the board to allow an extension and to determine the process and conditions for approving such extensions by rule. The extension would not be available for new firms when they first register. The board also indicates that extensions would not be granted for events that could be anticipated, such as retirements.