

House Bill 2079

Ordered printed by the Speaker pursuant to House Rule 12.00A (5). Pre-session filed (at the request of Governor Theodore R. Kulongoski for Oregon Board of Accountancy)

SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure **as introduced**.

Requires Oregon Board of Accountancy to establish by rule requirements for public accountancy experience for person taking examination for licensure as public accountant. Modifies requirements for admission to examination for certified public accountant certificate. Authorizes board to grant credit to applicant for licensure who has received passing grade in one or more sections of examination given in another state.

A BILL FOR AN ACT

1
2 Relating to regulation of accountancy; amending ORS 673.010, 673.040, 673.050, 673.060, 673.075 and
3 673.100.

4 **Be It Enacted by the People of the State of Oregon:**

5 **SECTION 1.** ORS 673.010 is amended to read:

6 673.010. As used in ORS 673.010 to 673.457:

7 (1) "Attest," "attesting" or "attestation" means the opinion of a licensee as to the reliability or
8 fairness of information that is used for guidance in the financial transactions of, accounting for or
9 assessing the status or performance of, commercial and noncommercial enterprises, whether public
10 or private, following the completion of an audit, in accordance with generally accepted accounting
11 and auditing standards. The board by rule shall further define what constitutes attestation services
12 in conformance, to the extent possible, with professional standards, including but not limited to the
13 Statements on Auditing Standards (SAS) for audits or other engagements, the Statement of Stan-
14 dards for Accounting and Review Services (SSARS) for the review of financial statements and the
15 Statements on Standards for Attestation Engagements (SSAE) for examinations of prospective fi-
16 nancial information.

17 (2) "Board" means the Oregon Board of Accountancy created by ORS 673.410.

18 (3) "Business organization" means any form of business organization authorized by law, includ-
19 ing but not limited to a proprietorship, partnership, corporation, limited liability company, limited
20 liability partnership or professional corporation.

21 (4) "Certificate" means a certificate of certified public accountant issued under ORS 673.040.

22 (5) "Client" means a person who agrees with a licensee to receive any professional service from
23 the licensee.

24 (6) "Commission" means money or other consideration recognized as a commission under rules
25 adopted by the board pursuant to ORS 673.012.

26 (7) "Compilation" means those services as defined by the board by rule.

27 (8) "Contingent fee" means a fee established for the performance of any professional service and
28 directly or indirectly paid to a licensee pursuant to an arrangement in which no fee will be charged
29 unless a specified finding or result is attained, or in which the amount of the fee is otherwise de-

NOTE: Matter in **boldfaced** type in an amended section is new; matter [*italic and bracketed*] is existing law to be omitted. New sections are in **boldfaced** type.

1 pendent upon the finding or result of such service. The board by rule may further define “contingent
2 fee.” A fee is not contingent if the fee:

3 (a) Is fixed by courts or other public authorities; or

4 (b) In tax matters, is determined based on the results of judicial proceedings or the findings of
5 governmental agencies.

6 (9) “License” means:

7 (a) A certificate, permit or registration, or a license issued under ORS 673.100, enabling the
8 holder thereof to practice public accountancy in this state; or

9 (b) A certificate, permit, registration or other authorization issued by a jurisdiction outside this
10 state enabling the holder thereof to practice public accountancy in that jurisdiction.

11 (10) “Licensee” means the holder of a license under subsection (9)(a) of this section.

12 (11) “Manager” means a manager of a limited liability company.

13 (12) “Member” means a member of a limited liability company.

14 (13) “Peer review” means a study, appraisal or review of one or more aspects of the public
15 accountancy work of a holder of a permit under ORS 673.150 or of a registered business organization
16 that performs attestation or compilation services that is conducted by:

17 (a) A certified public accountant who holds an active permit issued under ORS 673.150 or an
18 active license issued by the licensing authority for the practice of public accountancy in another
19 state and who is independent of the permit holder or registered business organization being re-
20 viewed; or

21 (b) A public accountant who holds an active permit issued under ORS 673.150 and who is inde-
22 pendent of the permit holder or registered business organization being reviewed.

23 (14) “Permit” means a permit to practice public accountancy issued under ORS 673.150.

24 (15) “Professional” means arising out of or related to the specialized knowledge or skills asso-
25 ciated with certified public accountants and public accountants.

26 (16) “Public accountant” means a public accountant licensed under ORS 673.100.

27 (17) “Referral fee” means a fee recognized as a referral fee under rules adopted by the board
28 pursuant to ORS 673.012.

29 (18) “Registration” means the authority issued under ORS 673.160 by the Oregon Board of
30 Accountancy to a business organization to practice public accountancy in this state.

31 (19) “Report,” when used with reference to attestation or compilation services, means an opinion
32 or other form of written language that states or implies assurance as to the reliability of any fi-
33 nancial statements and that also includes or is accompanied by any statement or implication that
34 the person issuing the report has special knowledge or competence in public accountancy. Such a
35 statement or implication of special knowledge or competence may arise from use by the issuer of the
36 report of names or titles indicating that the issuer is a public accountancy professional or organ-
37 ization or may arise from the language of the report itself.

38 (a) “Report” includes any form of written language that:

39 (A) Disclaims an opinion when the form of language implies any positive assurance as to the
40 reliability of the financial statements referred to or special knowledge or competence on the part
41 of the person issuing the language;

42 (B) Implies any positive assurance as to the reliability of the financial statements referred to
43 or special knowledge or competence on the part of the person issuing the language; or

44 (C) Relates to the financial affairs of a person and that is conventionally used by licensees in
45 reports or financial statements.

1 (b) "Report" does not include:

2 (A) The following statement signed by a person who does not hold a certificate, license or permit
3 under ORS 673.010 to 673.457 as long as the statement is not accompanied by any wording indicating
4 the person is an accountant or auditor or any other language prohibited by ORS 673.310 or 673.320:
5

6
7 The accompanying balance sheet (or _____) of XYZ Company as of (date), and the related
8 statements of income (or retained earnings or cash flow) for the year then ended have been prepared
9 by me (us).

10 The information presented in these financial statements is the representation of management
11 (owners).
12

13
14 (B) Any other financial statements or reports that are not and do not purport to be in compli-
15 ance with national standards, including but not limited to Statements of Standards for Accounting
16 and Review Services (SSARS) and Statements on Standards for Attestation Engagements (SSAE)
17 adopted by the board by rule, when the statements or reports are issued by persons not otherwise
18 subject to regulation by the board under ORS 673.010 to 673.457.

19 (20) "State" means any state, territory or insular possession of the United States, and the Dis-
20 trict of Columbia.

21 (21) "Substantial equivalency" means a determination by the National Qualification Appraisal
22 Service of the National Association of State Boards of Accountancy that:

23 (a) The education, examination and experience requirements contained in the statutes and ad-
24 ministrative rules of another jurisdiction are equivalent to or exceed the education, examination and
25 experience requirements [*of the Uniform Accountancy Act*] **established under ORS 673.040, 673.050**
26 **and 673.060 and adopted by the board by rule under ORS 670.310;** or

27 (b) An individual's education, examination and experience qualifications are equivalent to or
28 exceed the education, examination and experience requirements [*of the Uniform Accountancy Act*]
29 **established under ORS 673.040, 673.050 and 673.060 and adopted by the board by rule under**
30 **ORS 670.310.**

31 **SECTION 2.** ORS 673.040 is amended to read:

32 673.040. (1) A certificate of certified public accountant shall be [*granted*] **issued** to any applicant
33 who meets the requirements of this section and ORS 673.050 and 673.060 and who passes an exam-
34 ination on the code of professional ethics adopted by the Oregon Board of Accountancy.

35 (2) An applicant for a certificate shall show that after meeting the eligibility requirements for
36 the examination required by ORS 673.050, the applicant has had one year of experience, meeting
37 requirements prescribed by the board by rule, under the direct supervision of a public accountant,
38 certified public accountant or chartered accountant who:

39 (a) Is licensed and in good standing in this state or another jurisdiction; and

40 (b) Has been licensed for a minimum period of time set by the board by rule.

41 (3) The board may issue a certificate to a holder in good standing of a license of certified public
42 accountant **issued by another state** or **of a chartered accountant certificate** issued [*by another*
43 *state or*] by a foreign country **recognized by the board** upon a showing that the holder meets re-
44 quirements that are substantially equivalent to the education, experience and other requirements
45 that must be satisfied for the issuance of a certificate of certified public accountant under ORS

1 673.010 to 673.457.

2 (4) The board shall charge a fee for each application for issuance of a certificate under this
3 section in an amount prescribed by the board by rule.

4 (5) The board by rule may prescribe:

5 (a) Information required of applicants regarding the practice of public accountancy outside this
6 state;

7 (b) Information required of licensees regarding changes in the ability or authority of the licensee
8 to practice public accountancy; and

9 (c) A period of time within which applicants must satisfy the requirements of this section and
10 ORS 673.050 and 673.060.

11 (6) Any certified public accountant may also be known as a “public accountant.”

12 **SECTION 3.** ORS 673.050 is amended to read:

13 673.050. (1) Except as provided in subsection (2) of this section, a candidate for admission to the
14 examination for a certified public accountant certificate shall[:]

15 [(a)] present satisfactory evidence of graduation with a baccalaureate or higher degree from a
16 college or university that is accredited by one of the six regional accrediting associations or by
17 another accrediting body that is recognized by the Oregon Board of Accountancy, and shall have
18 completed 150 or more semester hours or 225 or more quarter hours or the equivalent thereof, in-
19 cluding courses in the study of accounting, business, economics, finance, written and oral commu-
20 nications and other subjects as determined by the board as appropriate for the accountancy
21 profession[; or]

22 [(b) *Be a public accountant who received a license under ORS 673.100 prior to January 1, 2000*].

23 (2) A person may apply to take the examination for the certificate of certified public accountant
24 [*in order to pass the sections described in ORS 673.100 on which a passing grade must be received*
25 *before a license as a public accountant may be issued*] **for the purpose of obtaining a license as a**
26 **public accountant under ORS 673.100** if the person presents satisfactory evidence of graduation
27 from a high school with a four-year course or of having acquired an equivalent education, and has
28 [*had*] **completed** two years of public accountancy experience or the equivalent [*satisfactory to the*
29 *board*] **that meets the experience requirements established by the board by rule.**

30 **SECTION 4.** ORS 673.060 is amended to read:

31 673.060. (1) A person must pass an examination as a condition of the [*grant*] **issuance** of a cer-
32 tificate of certified public accountant **under ORS 673.040 or of a license as a public accountant**
33 **under ORS 673.100** by the Oregon Board of Accountancy. The examination shall test the person’s
34 knowledge of the subjects of accounting and auditing and other related subjects as the board may
35 determine by rule. The board may contract with a testing service to administer the examination and
36 may contract with any organization, governmental or private, for examination material and services.

37 (2) A person must pass all sections of the examination in order to qualify for a certificate of
38 certified public accountant and must pass the sections of the examination described in ORS 673.100
39 (1)(c) to qualify for a license as a public accountant.

40 (3) The board shall charge each person who applies to take the examination a nonrefundable
41 application fee in an amount determined by the board. The person shall pay the application fee at
42 the time of the application.

43 (4) If the board contracts with a testing service to administer the examination described in
44 subsection (1) of this section, the testing service shall collect from each person taking the exam-
45 ination all fees that the testing service charges for administering the examination.

1 **SECTION 5.** ORS 673.075 is amended to read:

2 673.075. (1) The Oregon Board of Accountancy may, in accordance with its rules, grant credit
3 to an applicant [*who has successfully completed an examination given by*] **for one or more sections**
4 **of an examination for which the applicant received passing grades from** the licensing authority
5 in any other state. [*The board may grant credit under this subsection if the applicant has successfully*
6 *completed an examination in any two or more subjects described in ORS 673.060 or required by the*
7 *board to be part of the examination in this state.*]

8 (2) Any examination for which credit is granted an applicant under subsection (1) of this section
9 shall be substantially equivalent to examination requirements described in ORS 673.060.

10 **SECTION 6.** ORS 673.100 is amended to read:

11 673.100. (1) The Oregon Board of Accountancy shall issue a license as a public accountant to
12 a person who applies for the license and who:

13 (a) Passes an examination on the code of professional ethics adopted by the board;

14 (b) Meets the requirements of ORS 673.050 for admission to the examination for the certificate
15 of certified public accountant;

16 (c) Takes the examination for the certificate of certified public accountant pursuant to ORS
17 673.060 and receives a passing grade in those sections of the examination[, *excluding the auditing*
18 *section,*] that the board [*by rule requires an applicant for a license as a public accountant to pass*]
19 **may require by rule**; and

20 (d) Has **at least** one year of public accountancy experience or the equivalent satisfactory to the
21 board **that meets the experience requirements established by the board by rule.**

22 (2) An applicant for a license as a public accountant must make application on a form provided
23 by the board. The board shall charge each applicant a fee for application in an amount determined
24 by the board by rule.