

Enrolled Senate Bill 748

Sponsored by COMMITTEE ON BUSINESS, TRANSPORTATION AND WORKFORCE DEVELOPMENT (at the request of Oregon Society of Certified Public Accountants)

CHAPTER

AN ACT

Relating to authorization to practice public accountancy; amending ORS 673.160, 673.320 and 673.610.

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

SECTION 1. ORS 673.160 is amended to read:

673.160. (1) Business organizations of certified public accountants or of public accountants shall register with the Oregon Board of Accountancy if the business organization:

(a) Uses the terms “certified public accountants” or “public accountants” or abbreviations for such terms in this state;

(b) Holds itself out to clients in this state or the public in this state as a business organization engaged in the practice of public accountancy; or

(c) Performs attestation or compilation services in this state.

(2) Nothing in this section shall be construed to require a holder of a permit under ORS 673.150 to register under this section unless the permit holder:

(a) Holds the permit holder out to clients in this state or the public in this state as a business organization composed of more than one licensee **except as authorized by ORS 673.320 (12)**; or

(b) Performs attestation or compilation services in this state.

(3) Registrations shall be issued and renewed for periods of not more than two years. Applications for registration shall be made in a form prescribed by the board by rule. Applications for renewal shall be made between the dates prescribed by the board by rule.

(4) The following requirements must be satisfied before a registration may be issued or renewed under this section:

(a) Notwithstanding any other provision of law, a simple majority of the ownership of the business organization, in terms of financial interests and voting rights of all partners, officers, shareholders, members or managers, shall belong to holders of permits or holders of certificates who are licensed in any state, and the partners, officers, shareholders, members or managers of the business organization whose principal place of business is in this state and who perform public accountancy services in this state, shall be holders of permits under ORS 673.150. If a majority of the ownership of the business organization is held by holders of permits who are public accountants holding licenses issued under ORS 673.100, the business organization may not use the name “C.P.A. Firm” or any similar name indicating that a majority of the ownership of the firm holds certificates issued under ORS 673.040;

(b) In the case of a business organization that includes owners who are not holders of permits under ORS 673.150, a holder of a permit in this state shall be responsible for the management and proper registration of the business organization;

(c) All owners of the business organization who are not holders of permits under ORS 673.150 shall be active individual participants in the business organization or affiliated entities; and

(d) Any person who is responsible for supervising attestation or compilation services and who signs or authorizes someone to sign the accountant's report on the financial statements on behalf of the business organization in this state, shall hold a permit under ORS 673.150 and meet the competency requirements established by the board by rule.

(5) An application for registration or renewal of registration under this section shall:

(a) List all states in which the business organization has applied for or holds permits to practice public accountancy; and

(b) Provide evidence that the requirements of subsection (4) of this section are satisfied.

(6) Each applicant for registration or renewal under this section and each registrant shall notify the board in writing, within the time period specified by the board by rule, of:

(a) The identities of partners, officers, shareholders, members, managers or owners of the business organization who work regularly in this state;

(b) The number or location of offices in this state;

(c) The identity of the persons in charge of the offices in this state;

(d) Any issuance, denial, revocation, lapse or suspension of authority to perform professional or other services in any jurisdiction against a partner, officer, shareholder, member, manager or owner of the applicant or registrant that seeks registration or is registered in this state; and

(e) The filing of a lawsuit relating to professional services of the business organization, the commencement of any civil action an essential element of which involves fraud, dishonesty or misrepresentation, or of any criminal action against the applicant or registrant that seeks registration or is registered in this state or against a partner, officer, shareholder, member, manager or owner of the applicant or registrant that seeks registration or is registered in this state.

(7) The board shall charge a fee for each application for issuance or renewal of registration under this section in an amount prescribed by the board by rule. A registration under this section that is not renewed by the close of the registration period may be restored upon payment to the board of a delinquent renewal fee in an amount determined by the board by rule.

(8) Applicants for renewals of registrations under this section shall undergo a peer review as provided under ORS 673.455, unless the registrant notifies the board that the registrant is exempt from peer review requirements because the registrant does not perform attestation or compilation services in this state.

SECTION 2. ORS 673.320 is amended to read:

673.320. (1) A person or business organization in this state shall not provide attestation or compilation services for or issue a report on financial statements of any other person, firm, organization or governmental unit unless the person or business organization holds a permit or registration issued under ORS 673.010 to 673.457. The prohibitions of this subsection do not apply to:

(a) An officer, partner, employee, shareholder, member, manager or owner of any firm or organization affixing that person's own signature to any statement or report in reference to the financial affairs of the firm or organization with wording designating the position, title or office that the person holds in the firm or organization;

(b) Any act of a public official or employee in the performance of official duties; or

(c) The performance by any person, other than a licensee or registrant, of other services, including the preparation of tax returns, management advisory services and the preparation of financial statements, without the issuance of reports thereon.

(2) Any transmission of financial statements or information using language as specified in ORS 673.325 or as adopted by the Oregon Board of Accountancy by rule under this subsection shall not be considered a report.

(3) A person shall not assume or use the title or designation “certified public accountant,” or the abbreviation “C.P.A.,” or any other title, designation, words, letters, abbreviation, sign, card or device tending to indicate that the person is a certified public accountant, unless the person holds a valid certificate of certified public accountant issued under ORS 673.040 and a permit issued pursuant to ORS 673.150.

(4) A business organization shall not assume or use the title or designation “certified public accountant,” or the abbreviation “C.P.A.,” or any other title, designation, words, letters, abbreviation, sign, card or device tending to indicate that the business organization is composed of certified public accountants unless the business organization is registered under ORS 673.160.

(5) A person shall not assume or use the title or designation “public accountant,” or the abbreviation “P.A.,” or any other title, designation, words, letters, abbreviation, sign, card or device tending to indicate that the person is a public accountant unless that person holds a valid license issued under ORS 673.100 and permit issued under ORS 673.150.

(6) A business organization shall not assume or use the title or designation “public accountant,” or the abbreviation “P.A.,” or any other title, designation, words, letters, abbreviation, sign, card or device tending to indicate that the business organization is composed of public accountants, unless the business organization is registered under ORS 673.160.

(7) A person or business organization shall not assume or use any title or designation likely to be confused with the titles “certified public accountant” or “public accountant,” or any abbreviations likely to be confused with the abbreviations “C.P.A.” or “P.A.,” unless the person or business organization holds a valid permit or registration issued under ORS 673.010 to 673.457. This subsection does not restrict the use of any title, designation or abbreviation awarded by institutions that are recognized by the board by rule.

(8) A person or business organization shall not assume or use any title or designation that includes the words “accountant,” “auditor” or “accounting” in connection with any other wording, including that of a report, that implies that the person or business organization holds a permit or registration or has special competence as an accountant or auditor, unless the person or business organization holds a permit or registration issued under ORS 673.010 to 673.457. This subsection does not prohibit:

(a) A partner, officer, employee, shareholder, member, manager or owner of any firm or organization from affixing that person’s own signature to any statement or report in reference to the financial affairs of the firm or organization with wording designating the position, title or office that the person holds in the firm or organization;

(b) Any act of a public official or employee in the performance of official duties; or

(c) Use of the words “accountant” or “accounting” by a person or business offering services that are not restricted to a person or business organization holding a license or permit to practice public accountancy.

(9) A person or business organization holding a permit or registration under ORS 673.010 to 673.457 shall not use a professional or business name or designation that is misleading about the legal form of the business organization, about the persons who are partners, officers, shareholders, members, managers or owners of the business organization or about any other matter. The board by rule may specify the appropriate use by licensees of abbreviations and initials in a professional or business name. Notwithstanding any provision of this subsection, the names of one or more former partners, shareholders, members or managers may be included in the name of a registered business organization or its successor.

(10) A person holding a permit issued under ORS 673.150 shall not perform attestation or compilation services in any business organization that does not hold a valid registration under ORS 673.160.

(11) Subsections (1) to (10) of this section apply to a person or business organization holding a certification, license, permit, designation or degree granted in another jurisdiction entitling the holder to engage in the practice of public accountancy or its equivalent in the other jurisdiction unless:

(a) The activities of the person or business organization in this state are limited to the provision of professional services to clients in this state, where the clients are residents of, governments of or business entities in the other jurisdiction in which the person holds the entitlement;

(b) The person or business organization does not provide attestation or compilation services or issue reports regarding the financial statements of any other persons, organizations or governmental units in this state; and

(c) The person or business organization does not hold out to clients, potential clients or the public in this state that the person or business organization is licensed or registered under ORS 673.010 to 673.457 and does not use any title or designation other than the one under which the person or business organization practices in the other jurisdiction, followed by the name of the other jurisdiction and, if applicable, any translation of the title or designation into the English language.

(12) Notwithstanding subsection (11) of this section, a person or business organization holding a certification, license, permit, designation or degree granted in another jurisdiction that entitles the holder to engage in the practice of public accountancy as a certified public accountant in the other jurisdiction may prepare, advise or assist in the preparation of tax returns without obtaining a license or registration under ORS 673.010 to 673.457 and may use the title or designation “certified public accountant” or the abbreviation “C.P.A.” in connection with tax services described in this subsection as long as the person or business organization does not have an office in this state.

SECTION 3. ORS 673.610 is amended to read:

673.610. ORS 673.605 to 673.740 do not apply to:

(1) Any full or part-time employee hired to fill a permanent position, who in connection with the duties as an employee has the incidental duty of preparing income tax returns for the business of the employer only.

(2) Any attorney at law rendering services in the performance of the duties of an attorney at law.

(3) While acting as such, any fiduciary, or the regular employees thereof, acting on behalf of the fiduciary estate, the testator, trustor, grantor, or beneficiaries thereof.

(4) [Any] **A certified public accountant who holds an active permit issued by any state, [or] a public accountant holding a valid permit issued under ORS 673.100[,] or a public accounting firm registered [business organization, under ORS 673.010 to 673.457] in any state.**

(5) Any employee of a certified public accountant, public accountant or registered **public accounting firm** [business organization] described in subsection (4) of this section.

(6) Any person employed by a local, state or federal governmental agency but only in performance of official duties.

Passed by Senate April 17, 2007

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Secretary of Senate

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President of Senate

Passed by House May 10, 2007

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Speaker of House

Received by Governor:

.....M,....., 2007

Approved:

.....M,....., 2007

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Governor

Filed in Office of Secretary of State:

.....M,....., 2007

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Secretary of State