

CHAPTER 451

AN ACT

SB 272

Relating to accountancy; creating new provisions; amending ORS 670.304, 670.306, 673.010, 673.015, 673.040, 673.060, 673.150, 673.160, 673.165, 673.170, 673.220, 673.320, 673.400, 673.410, 673.455 and 673.457; repealing ORS 673.012, 673.173 and 673.445; and declaring an emergency.

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

DEFINITIONS

SECTION 1. ORS 673.010 is amended to read: 673.010. As used in ORS 673.010 to 673.457:

(1) "Attestation services" means the following professional services required to be performed under rules adopted by the Oregon Board of Accountancy [pursuant to ORS 673.445 as follows]:

(a) [An] **Any** audit or other engagement for which performance standards are included in the Statements on Auditing Standards (SAS);

(b) **Any** review of a financial statement for which performance standards are included in the Statements on Standards for Accounting and Review Services (SSARS);

(c) **Any** examination of prospective financial information for which performance standards are included in the Statements on Standards for Attestation Engagements (SSAE); [and]

(d) Any examination, review or agreed upon procedures engagement other than an examination described in paragraph (c) of this subsection for which performance standards are included in the Statements on Standards for Attestation Engagements (SSAE); and

[d)] **(e) [Engagements] Any engagement** for which performance standards are included in the Auditing Standards of the Public Company Accounting Oversight Board.

(2) "Business organization" means any form of business organization authorized by law, including but not limited to a proprietorship, partnership, corporation, limited liability company, limited liability partnership or professional corporation.

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

(4) "Client" means a person who agrees with a licensee **or employer of a licensee** to receive any professional service from the licensee **or employer of a licensee**.

(5) "Commission" means money or other consideration recognized **by the Oregon Board of Accountancy** as a commission [under rules adopted by the board pursuant to ORS 673.012] **by rule**.

(6) "Compilation services" means professional services required to be performed in accordance with the Statements on Standards for Accounting and Review Services (SSARS) under rules adopted by the [Oregon] board [of Accountancy pursuant to ORS

673.445] in which the person performing the services presents a financial statement that:

(a) Is based on the representation of the owner or management of the company for which the statement is presented; and

(b) Does not include assurances by the person that the representations in the financial statement conform to generally accepted accounting principles.

(7) "Contingent fee" means a fee established for the performance of any professional service and directly or indirectly paid to a licensee pursuant to an arrangement in which no fee will be charged unless a specified finding or result is attained, or in which the amount of the fee is otherwise dependent upon the finding or result of such service. A fee is not contingent if the fee:

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

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

(8) "License" means:

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

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

(9) "Licensee" means the holder of a license as defined in subsection (8)(a) of this section.

(10) "Manager" means a manager of a limited liability company.

(11) "Member" means a member of a limited liability company.

(12) "Peer review" means a study, appraisal or review of one or more aspects of the public accountancy work of a holder of a permit under ORS 673.150, or of a registered business organization that performs attestation **services** or compilation services, that is conducted by:

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

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

(13) "Permit" means a permit to practice public accountancy issued under ORS 673.150.

(14) "Principal place of business" means the office location designated by a person for purposes of substantial equivalency and reciprocity.

(15) "Professional" means arising out of or related to the specialized knowledge or skills associated with certified public accountants and public accountants.

(16) "Public accountant" means a public accountant licensed under ORS 673.100.

(17) “Referral fee” means a fee recognized by **the board** as a referral [fee under rules adopted by the board pursuant to ORS 673.012] **by rule**.

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

(19)(a) “Report,” when used with reference to [financial statements] **attestation services or compilation services**, means an opinion or other form of written language that states or implies assurance as to the reliability of the [financial statement] **attested information or the compiled financial statements** and that includes or is accompanied by a statement or implication that the person issuing the report has special knowledge or competence in public accountancy. Such a statement or implication of special knowledge or competence may arise from use by the issuer of the report of names or titles indicating that the issuer is a public accountancy professional or organization or may arise from the language of the report itself.

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

(A) Disclaims an opinion when the form of language implies any positive assurance as to the reliability of the **attested information or the compiled** financial statements referred to, or **of the** special knowledge or competence on the part of the person issuing the language;

(B) Implies any positive assurance as to the reliability of the **attested information or compiled** financial statements referred to, or **of the** special knowledge or competence on the part of the person issuing the language; or

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

(c) “Report” does not include:

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

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

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

(B) Any other financial statements or reports that are not and do not purport to be in compliance with national standards, including but not limited to Statements on Standards for Accounting and Review Services (SSARS) and Statements on Standards for

Attestation Engagements (SSAE) adopted by the board by rule, when the statements or reports are issued by persons not otherwise subject to regulation by the board under ORS 673.010 to 673.457.

(20) “State” means any state, territory or insular possession of the United States, and the District of Columbia.

(21) “Substantial equivalency” means that:

(a) An individual holds a valid license as a certified public accountant from another state that requires an individual, as a condition of licensure as a certified public accountant, to:

(A) Complete at least 150 semester hours of college education and obtain a baccalaureate or higher degree conferred by a college or university;

(B) Achieve a passing grade on the Uniform Certified Public Accountant Examination; and

(C) Possess at least one year of experience, verified by a licensee, providing any type of service or advice involving the use of accounting, attestation, compilation, management advisory, financial advisory, tax or related consulting skills, obtained through public practice or government, industry or academic work; or

(b) An individual has the qualifications specified in paragraph (a) of this subsection and holds a valid license as a certified public accountant from another state that does not require an individual to have the qualifications specified in paragraph (a) of this subsection as a condition of licensure as a certified public accountant.

OREGON BOARD OF ACCOUNTANCY

SECTION 2. ORS 673.410 is amended to read:

673.410. (1) There is created an Oregon Board of Accountancy consisting of seven members.

(2) Members of the board shall be appointed by the Governor for terms of three years, subject to confirmation by the Senate pursuant to **Article III**, section 4, [Article III] of the Oregon Constitution.

(3) The board members [shall] **must** be **appointed** as follows:

(a) Four must have a current permit as a certified public accountant under the laws of this state [in effect for at least five years,] and be actively engaged in public accountancy practice.

(b) One must have a current permit as a certified public accountant under the laws of this state [in effect for at least five years,] and be employed in private industry, education or government or be actively engaged in public accountancy practice.

(c) One [shall] **must** be a member of the general public.

(d) One must have a current license as a public accountant under the laws of this state [in effect for at least five years] and be actively engaged in public accountancy practice.

(4) [No] **A** person [shall be] **is not** eligible for reappointment after the person’s third consecutive term until a period **that is** at least [equal to the] **as long as the person’s** appointed term has elapsed.

(5) The authority of the board to enforce the provisions of ORS 673.010 to 673.457 includes the authority to:

(a) Regulate the practice of public accountancy by persons or business organizations holding certificates, licenses, permits or registrations issued under ORS 673.010 to 673.457.

(b) Adopt rules to implement the provisions of ORS 673.010 to 673.457.

(c) Adopt rules of professional conduct for the purpose of controlling the quality and probity of services offered by persons or business organizations holding certificates, licenses, permits or registrations issued under ORS 673.010 to 673.457. Rules of professional conduct adopted under this paragraph may concern:

(A) The independence, integrity and objectivity required to practice public accountancy;

(B) The competency and technical expertise required to practice public accountancy;

(C) Responsibilities to the public; and

(D) Responsibilities to clients.

(d) Adopt rules governing professional standards applicable to persons or business organizations holding certificates, licenses, permits or registrations issued under ORS 673.010 to 673.457.

(e) Appoint and fix the compensation of officers to serve at the pleasure of the board.

(f) Appoint advisory committees as the board deems necessary.

(g) Delegate administrative and enforcement duties as the board deems appropriate.

(h) Collect fees required under the provisions of ORS 673.010 to 673.457 for deposit in the Oregon Board of Accountancy Fund established under section 4 of this 2015 Act.

(i) Impose discipline authorized by ORS 673.010 to 673.457 and issue cease and desist orders under ORS 673.170.

(j) Impose civil penalties as authorized by ORS 673.400 and deposit moneys collected from the imposition of civil penalties into the Oregon Board of Accountancy Fund established under section 4 of this 2015 Act.

(k) Issue subpoenas to compel the attendance of witnesses or the production of records, documents, books, papers, memoranda or other information necessary to conduct an investigation under ORS 673.170.

(L) Conduct hearings, administer oaths or affirmations to witnesses and take testimony necessary to conduct an investigation under ORS 673.170.

(m) Conduct criminal records checks as authorized by ORS 673.465.

(6) The board shall exercise its authority under subsection (5) of this section, or as otherwise provided for by ORS 673.010 to 673.457, in a manner that is consistent with protecting the public interest, as described in ORS 673.015.

OREGON BOARD OF ACCOUNTANCY FUND

SECTION 3. Section 4 of this 2015 Act is added to and made a part of ORS 673.010 to 673.457.

SECTION 4. The Oregon Board of Accountancy Fund is established in the State Treasury, separate and distinct from the General Fund. All moneys collected or received by the Oregon Board of Accountancy shall be deposited in the fund. Interest earned on moneys in the fund shall be credited to the fund. Moneys in the fund are continuously appropriated to the board for the administration and enforcement of ORS 673.010 to 673.457.

SECTION 5. The Oregon Board of Accountancy Account established in the General Fund pursuant to ORS 670.335 is abolished on the operative date specified in section 26 of this 2015 Act. The Oregon Board of Accountancy shall transfer the balance of moneys remaining in the Oregon Board of Accountancy Account to the Oregon Board of Accountancy Fund established under section 4 of this 2015 Act.

SECTION 6. Sections 4 and 5 of this 2015 Act and the amendments to ORS 673.170 and 673.400 by sections 13 and 14 of this 2015 Act do not affect:

(1) The unexpended balances of amounts authorized to be expended by the Oregon Board of Accountancy for the biennium beginning July 1, 2015; or

(2) The expenditure classifications, if any, authorizing or limiting expenditures by the board for the biennium beginning July 1, 2015.

APPLICATION AND RENEWAL PROCESSES

SECTION 7. ORS 673.040 is amended to read:

673.040. (1) A certificate of certified public accountant shall be issued to any applicant who meets the requirements of this section and ORS 673.050 and 673.060 and who passes an examination on the code of professional ethics adopted by the Oregon Board of Accountancy.

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

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

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

(3) The board may issue a certificate to a holder in good standing of a license of certified public accountant issued by another state or of a chartered

accountant certificate issued by a foreign country recognized by the board upon a showing that the holder meets requirements that are substantially equivalent to the education, experience and other requirements that must be satisfied for the issuance of a certificate of certified public accountant under ORS 673.010 to 673.457.

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

[(5) The board by rule may prescribe:]

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

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

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

[(6) Any certified public accountant may also be known as a "public accountant."]

SECTION 8. ORS 673.060 is amended to read:

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

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

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

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

SECTION 9. ORS 673.150 is amended to read:

673.150. (1) The Oregon Board of Accountancy shall issue biennially a permit to engage in the practice of public accountancy in this state to an applicant who is:

(a) A holder of the certificate of certified public accountant issued under ORS 673.040 to 673.075; or

(b) A public accountant licensed under ORS 673.100.

(2) *[The board by rule shall cause all]* Permits issued under this section *[to]* **must** be renewed biennially.

(3) Applications for permits or for renewals of permits may be submitted to the board on a form **and in a manner** prescribed by the board *[within such time periods as the board prescribes]* by rule. Applications for permits or for renewals of permits must be accompanied by a fee in the amount of \$160.

(4) Applications for renewals of permits must be accompanied by evidence satisfactory to the board that the applicant has complied with continuing education requirements under ORS 673.165 unless those requirements have been waived by the board.

(5)(a) A permit that is not renewed by the close of the permit period may be restored upon payment *[to the board]* of a delinquent renewal fee in an amount determined by the board by rule. A permit *[that]* **lapses if the permit** is not **timely** renewed *[within 60 days]* after the close of the permit period for which it was issued *[or renewed lapses]*, **as determined by the board by rule.**

(b) The board may restore a lapsed permit *[upon payment of all past unpaid renewal fees and the delinquent renewal fee]* **if the person who held the permit meets any condition established by the board by rule.**

(c) A permit expires if it is not renewed for six years after the close of the permit period. If a permit expires, the licensee's certificate of certified public accountant issued under ORS 673.040 to 673.075 and license as a public accountant issued under ORS 673.100 also expire.

(d) The board may restore an expired permit if the board determines that it has just cause to restore the permit.

(6) *[Notwithstanding subsection (3) of this section,]* The board may *[by rule prescribe a reduced fee for renewal of permits of those certified public accountants and public accountants who have reached the age of 65 years]* **establish a permit renewal option for retired permit holders and establish by rule a reduced fee for retired permit holders who renew permits.**

SECTION 10. 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) Has an office in this state and:

(A) Uses the terms "certified public accountants" or "public accountants" or abbreviations for such terms in this state; or

(B) Performs attestation **services** or compilation services 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) Does not have an office in this state and performs attestation services described in ORS 673.010 (1)(a), (c) or *[(d)]* (e) for a client having an office in this state.

(2) This section does not 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 **services** or compilation services in this state.

(3)(a) Notwithstanding subsection (1) of this section, a business organization of certified public accountants that does not have an office in this state may perform attestation services described in ORS 673.010 (1)(b) **or** (d) or compilation services for a client in this state and may use the terms “certified public accountants” or “certified public accounting firm,” abbreviations of those terms or any similar title, designation, words or letters without obtaining a registration issued by the board under this section if the business organization:

(A) Has the qualifications described in subsection (5) of this section; and

(B) Performs the services through a person authorized to practice public accountancy in this state under ORS 673.153.

(b) A business organization of certified public accountants that is not a business organization described in subsection (1) of this section or paragraph (a) of this subsection may perform professional services in this state, other than attestation **services** or compilation services, using the terms “certified public accountants” or “certified public accounting firm” or abbreviations of those terms without registering with the board under this section if the business organization:

(A) Performs the professional services through a person authorized to practice public accountancy in this state under ORS 673.153; and

(B) May lawfully perform the professional services in the state where the principal place of business of the person authorized to practice public accountancy in this state under ORS 673.153 is located.

(4) 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.

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

(a)(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, must 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, must 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) A business organization registered under this section that does not meet the ownership requirement specified in subparagraph (A) of this paragraph may request an extension of time to comply with the ownership requirement in accordance with the process for granting an extension for compliance that the board shall adopt by rule.

(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) In the case of a business organization required to register under subsection (1) of this section, a person who is authorized to practice public accountancy in this state under ORS 673.153 is responsible for the management and proper registration of the business organization.

(d) All owners of the business organization who are not licensees must be active individual participants in the business organization or affiliated entities.

(e) Any person who is responsible for supervising attestation **services** 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, must:

(A)(i) Hold a permit under ORS 673.150; or

(ii) Be authorized to practice public accountancy in this state under ORS 673.153; and

(B) Meet the competency requirements established in the professional standards adopted by the board [*by rule under ORS 673.445*] **under ORS 673.410**.

(6) 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 (5) of this section are satisfied.

(7) 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.

(8) The board shall charge a fee for each application for issuance or renewal of registration under this section in the amount of \$175. 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.

(9) 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 **services** or compilation services in this state.

SECTION 11. ORS 673.165 is amended to read:

673.165. (1) Each holder of a permit issued under ORS 673.150, under rules adopted by the Oregon Board of Accountancy, shall participate in a continuing education program that directly contributes to professional competency.

(2) The education programs shall include any of the following:

(a) Professional development programs and technical meetings of professional associations of public accountants, of certified public accountants or of public accountants and certified public accountants.

(b) University and college courses.

(c) Such professional staff training programs provided by accountancy organizations and other education programs that meet the requirements established by the board by rule.

(3) The board shall determine the hourly value to be assigned to each education program.

(4) The number of hours of continuing education required shall be determined by the board, but *[shall]* **may** not exceed 40 hours per year, or the equivalent, for both certified public accountants and public accountants.

(5) The board *[by rule may adopt conditions under which]* **may waive** continuing education requirements *[may be waived]*. However, continuing education requirements may not be waived by the board for more than three consecutive years except for military service, retirement, disability, absence from the state or for other instances of individual hardship *[as determined by the board, or for accountants granted inactive status by the board. The board may, among other things, take into account the accessibility by applicants to continuing education pro-*

grams and any impediments to interstate practice of public accountancy that may result from differences in continuing education requirements in other states].

SECTION 12. The amendments to ORS 673.040, 673.060, 673.150 and 673.160 by sections 7 to 10 of this 2015 Act relating to the submission of an application for a certificate, permit or registration or of an application to renew a certificate, permit or registration apply to applications submitted on and after the operative date specified in section 26 of this 2015 Act.

DISCIPLINARY ACTIONS

SECTION 13. ORS 673.170 is amended to read: 673.170. (1) The Oregon Board of Accountancy may take any of the following disciplinary actions:

(a) Revoke, suspend *[or]*, refuse to issue **or limit the privileges of** any certificate issued under ORS 673.040 to 673.075.

(b) Revoke, suspend *[or]*, refuse to issue **or limit the privileges of** any public accountant's license issued under ORS 673.100.

(c) Revoke, suspend, refuse to renew *[or]*, refuse to issue **or limit the privileges of** any permit described in ORS 673.150.

(d) **Revoke, suspend, refuse to renew, refuse to issue or limit the privileges of any registration issued under ORS 673.160.**

[(d)] (e) Censure a person authorized to practice public accountancy in this state under ORS 673.153.

[(e)] (f) Censure the holder of any permit described in ORS 673.150 or authorization described in ORS 673.153.

[(f)] *Revoke, suspend, refuse to renew or refuse to issue any registration issued under ORS 673.160.]*

(g) **Revoke, suspend or limit the privileges of a person authorized to practice public accountancy in this state under ORS 673.153 or the holder of any authorization described in ORS 673.153.**

[(g)] (h) Censure the holder of any registration issued under ORS 673.160.

[(h)] (i) Censure a business organization providing accounting services in this state that is exempt from registering under ORS 673.160 (3).

(2) The board may take any of the actions described in subsection (1) of this section for any one or any combination of the following causes:

(a) Fraud or deceit in obtaining or applying for:

(A) A certificate under ORS 673.040 to 673.075;

(B) A public accountant's license under ORS 673.100;

(C) A registration under ORS 58.345 or 673.160;

(D) A permit under ORS 673.150;

(E) Authorization to practice public accountancy in this state under ORS 673.153; or

(F) Admission to the roster of authorized accountants referred to in ORS 297.670.

(b) Dishonesty, fraud or gross negligence in the practice of public accountancy.

(c) Incompetence in the practice of public accountancy. A holder of a license issued under ORS 673.100, certificate, permit or registration or a person authorized to practice public accountancy in this state under ORS 673.153 is incompetent in the practice of public accountancy if the holder:

(A) Engages or has engaged in conduct that evidences a lack of ability or fitness to discharge the duty owed to a client or the general public; or

(B) Engages or has engaged in conduct that evidences a lack of knowledge or ability to apply principles or skills of the practice of public accountancy, as adopted by the board.

(d) Violation of any of the provisions of ORS 673.010 to 673.457.

(e) Violation of any of the provisions of ORS 297.405 to 297.555.

(f) Violation of any provision of the Code of Professional Conduct or accounting standards adopted by the board [*under ORS 673.445 or rules adopted by the board under ORS 670.310*] **by rule.**

(g) Conduct resulting in a conviction of a felony under the laws of any state, of any foreign jurisdiction or of the United States. However, such conduct may be considered only to the extent permissible under the provisions of ORS 670.280.

(h) Conviction of any crime, an essential element of which is dishonesty, fraud or misrepresentation, under the laws of any state, of any foreign jurisdiction or of the United States.

(i) Conviction of willful failure to pay any tax, file any tax return, keep records or supply information required under the tax laws of any state, of any foreign jurisdiction or of the United States, or conviction of the willful making, rendering, delivery, disclosure, signing or verifying of any false or fraudulent list, return, account, statement or other document, or of supplying any false or fraudulent information, required under the tax laws of any state, of any foreign jurisdiction or of the United States.

(j) Cancellation, revocation or suspension of, or refusal to renew, authority to practice as a certified public accountant or a public accountant in any state or foreign jurisdiction.

(k) Cancellation, suspension, revocation or refusal to renew by any state, any foreign jurisdiction or any federal agency of the right to practice law, to practice as an enrolled agent before the Internal Revenue Service pursuant to 31 C.F.R. part 10, or to practice under other regulatory law if the cancellation, suspension, revocation or refusal to renew was related to the practice of public accountancy or if dishonesty, fraud or deception was involved.

(L) Failure to comply with the continuing education requirements under ORS 673.165 unless such requirements have been waived by the board.

(m) Failure to pay a civil penalty imposed by the board after the period for requesting a hearing on the civil penalty terminates if the person or business organization against whom the penalty is imposed has not requested a hearing, or after the period for

seeking judicial review of the order assessing the civil penalty has passed.

(n) Failure to comply with the terms of a consent agreement described in subsection (4) of this section.

(o) Failure to comply with any reporting or other requirement established by the board by rule.

(p) Issuance of a cease and desist order against the person under subsection (9) of this section.

(3)(a) The board may investigate any alleged violation that may subject a person to discipline under this section.

(b) Investigatory information developed or obtained by the board is confidential and not subject to disclosure by the board unless a notice is issued for a contested case hearing or the matter investigated is finally resolved by board action or a consent order.

(c) Notwithstanding paragraph (b) of this subsection:

(A) The board may disclose to the public that an investigation is being conducted and describe the general nature of the matter being investigated; and

(B) The board shall notify the person being investigated of the investigation.

(4) In lieu of disciplinary actions under subsection (1) of this section, the board may enter into a consent agreement with the holder of any certificate described in ORS 673.040 to 673.075, the holder of any public accountant's license, the holder of any registration described in ORS 673.160, the holder of any permit described in ORS 673.150 or the holder of any authorization described in ORS 673.153, under which the holder agrees to comply with conditions prescribed by the board.

(5) In addition to the causes in subsection (2) of this section, the board may take any of the actions described in subsection (1) of this section for dishonesty, fraud or misrepresentation not in the practice of public accountancy.

(6) In lieu of or in addition to any action described in subsection (1) of this section, the board may take any of the following actions:

(a) Require a holder of a permit under ORS 673.150 that provides compilation services or a business organization registered under ORS 673.160 to undergo a peer review conducted as the board may specify; or

(b) Require a holder of a permit under ORS 673.150 to complete any continuing professional education programs the board may specify.

(7)(a) A licensee offering or providing professional services in another state or using the title "certified public accountant" or any abbreviation for that term in another state is subject to disciplinary action in this state for actions taken by the licensee in the other state that constitute a cause for disciplinary action under this section.

(b) The board shall investigate any complaint made by a board of accountancy of another state.

(8) In the case of a registered business organization, the board may take any of the actions described in subsection (1) of this section for any of the following additional causes:

(a) The cancellation, revocation or suspension of, or refusal to renew, the authority to provide professional services, in this state or any other jurisdiction, of any partner, officer, shareholder, member, manager or owner of the business organization; or

(b) The cancellation, revocation or suspension of, or refusal to renew, the authority of the business organization to practice public accountancy or provide other professional services in any other state or foreign jurisdiction.

(9)(a) If the board has reasonable cause to believe that any person has engaged, is engaging or is about to engage in any violation of any provision of ORS 673.010 to 673.457 or any rule or order adopted under ORS 673.010 to 673.457, the board may issue **an order of emergency suspension or an order**, subject to ORS 673.173, directed to the person, and to any other person directly or indirectly controlling the person, to cease and desist from the violation or threatened violation.

(b) **An order issued under this subsection must include the following:**

(A) **A statement of the facts constituting the violation;**

(B) **If the order is an order of emergency suspension, a provision requiring the person to suspend practicing public accountancy in this state;**

(C) **If the order is an order directing the person to cease and desist, a provision requiring the person named in the order to cease and desist from the violation or threatened violation;**

(D) **The effective date of the order; and**

(E) **A notice to the person named in the order of the right to a contested case hearing under ORS 183.430 (2).**

(10) Notwithstanding any protective order issued under ORCP 36 C, upon motion of the board, the court shall order disclosure of materials or information subject to a protective order under ORCP 36 C. The board may use the material or information to take disciplinary action under this section.

(11) If the board takes disciplinary action under this section, the board may assess against the person disciplined costs associated with the disciplinary action. An assessment under this subsection is in addition to, and not in lieu of, any other action taken by the board. Moneys collected under this subsection shall be deposited in the Oregon Board of Accountancy [Account established in the General Fund pursuant to ORS 670.335] **Fund established under section 4 of this 2015 Act.**

SECTION 14. ORS 673.400 is amended to read:

673.400. [(1) Any person who violates any provision of ORS 673.010 to 673.457, any rule adopted thereunder or any order of the Oregon Board of Accountancy shall forfeit and pay a civil penalty into the General Fund to be credited to the Oregon Board of Accountancy for its use in carrying out the provisions of this section. The civil penalty shall be in an

amount determined by the board of not more than \$5,000 for each offense.]

[(2) The board may impose a civil penalty as part of a cease and desist order issued under ORS 673.170 (9). The civil penalty may not exceed \$5,000 per violation.]

[(3) The civil penalty may be recovered by the Attorney General in an action brought in the name of the State of Oregon in any court of appropriate jurisdiction or may be imposed as provided in ORS 183.745.]

[(4) The provisions of this section are in addition to and not in lieu of any other penalty provided by law.] **The Oregon Board of Accountancy may impose a civil penalty, not to exceed \$5,000 for each offense, for violation of a provision of ORS 673.010 to 673.457, a rule adopted under ORS 673.010 to 673.457 or an order of the board. All moneys collected under this section shall be deposited in the Oregon Board of Accountancy Fund established in section 4 of this 2015 Act.**

INACTIVE STATUS

SECTION 15. ORS 673.220 is amended to read: 673.220. (1) The Oregon Board of Accountancy

may grant inactive status to a licensee:

(a) Whose license is not suspended or revoked;

(b) Who is not:

(A) Practicing public accountancy in a business organization required to be registered with the board under ORS 673.160; or

(B) A sole practitioner; and

(c) Who does not perform or offer to perform for a client services involving the use of accounting or auditing skills, including but not limited to issuance of reports on financial statements, management advisory, financial advisory or consulting services, preparation of tax returns or the furnishing of advice on tax matters.

(2) A licensee granted inactive status by the board:

(a) Must pay a fee[:] **in an amount determined by the board by rule for becoming or remaining inactive or for becoming active.**

[(A) In the amount of \$50 for becoming or remaining inactive; and]

[(B) In an amount determined by the board by rule for becoming active.]

(b) Shall place the word "inactive" next to the licensee's name and title on any business card, letterhead or other professional document, other than a license issued by the board.

[(3) The board by rule shall adopt procedures and requirements for granting and renewing inactive status and for restoring to active status any licensee on inactive status.]

[(4)] (3) The board may restore a lapsed permit to inactive status [upon payment of all past unpaid renewal fees and the delinquent renewal fee] as provided in ORS 673.150 (5).

[(5)] (4) The board shall maintain a current roster of all licensees granted inactive status.

[(6)] (5) The provisions of ORS 673.010 to 673.457 apply to licensees granted inactive status.

SECTION 16. The amendments to ORS 673.220 by section 15 of this 2015 Act apply to applications for inactive status or for renewing inactive status submitted on and after the operative date specified in section 26 of this 2015 Act.

PEER REVIEW

SECTION 17. ORS 673.455 is amended to read:

673.455. (1) The Oregon Board of Accountancy [shall appoint a Peer Review Oversight Committee. The board may also] **may recognize peer review programs or** approve applications for operation of [alternative] peer review programs, [such as] **including** programs provided by the American Institute of Certified Public Accountants [and the National Society of Accountants].

(2) Each holder of a permit under ORS 673.150, each person authorized to practice public accountancy in this state under ORS 673.153, each business organization registered under ORS 673.160, and each business organization exempt from registration requirements under ORS 673.160 (3), that performs attestation **services** or compilation services shall participate in a peer review program described in this section. The peer review shall be conducted by the board or by [an alternative] **a peer review program recognized or** approved by the board under subsection (1) of this section. A person authorized to practice public accountancy in this state under ORS 673.153 who practices as a sole proprietor must meet peer review standards pertaining to business organizations. The person or business organization undergoing the peer review shall bear the cost of the peer review.

[(3) The members of the committee serve at the pleasure of the board.]

[(4) A member of the committee appointed under this section is entitled to expenses as provided in ORS 292.495.]

[(5) The committee may review:]

[(a) Any financial statement or report filed with the state or any political subdivision and prepared by a certified public accountant or public accountant;]

[(b) Any procedure, working paper or supporting document relating to the financial statement or report; and]

[(c) Any peer review report.]

[(6) If the client grants permission or if all information identifying the client has been removed, the committee also may review any financial statement not described in subsection (5) of this section and prepared by a licensee, or any procedure, working paper or supporting document relating to the financial statement.]

[(7) The failure or refusal by any licensee, person authorized to practice public accountancy in this state

under ORS 673.153 or business organization authorized to perform professional services in this state under ORS 673.160 to comply with a request for review or explanation, or both, of such financial statement as set forth in this section constitutes a violation of ORS 673.170 (2)(b).]

SECTION 18. ORS 673.457 is amended to read:

673.457. A review of the accountancy practice of a holder of a permit under ORS 673.150 that provides compilation services or of a registered business organization by [an alternative] **a peer review program approved under ORS 673.455 shall not preclude the Oregon Board of Accountancy from conducting a review of specified aspects of the professional services of any licensee affiliated with the permit holder or business organization or of the permit holder or business organization itself.**

SECTION 19. The Peer Review Oversight Committee is abolished on the operative date specified in section 26 of this 2015 Act.

CONFORMING AMENDMENTS

SECTION 20. ORS 673.015 is amended to read:

673.015. The public interest requires:

(1) The promotion of reliable information used for guidance in financial transactions and accounting for, or assessing the financial status or performance of, commercial, noncommercial and governmental enterprises;

(2) That persons professing special competence in accountancy or offering assurance as to the reliability or fairness of presentation of such information demonstrate their qualifications to do so, and that persons who have not demonstrated and maintained such qualifications[, including public accountancy professionals not in public practice,] not be permitted to hold themselves out as having special competence or to offer such assurance; and

(3) That the conduct of persons licensed as having special competence in accountancy be regulated in all aspects of their professional work and that the use of titles relating to the practice of public accountancy that have the capacity or tendency to mislead or deceive the public as to the status or competence of the persons using the titles be prohibited.

SECTION 21. ORS 673.320 is amended to read:

673.320. (1)(a) A person or business organization in this state may not provide attestation **services** 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:

(A) Holds a permit or registration issued under ORS 673.010 to 673.457;

(B) Is authorized to practice public accountancy in this state under ORS 673.153; or

(C) Is exempt from the registration requirement under ORS 673.160 (3).

(b) 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* **recognized** by the Oregon Board of Accountancy *by rule under this subsection* is not a report.

(3) A person may 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:

(a) Holds a valid certificate of certified public accountant issued under ORS 673.040 and a permit issued pursuant to ORS 673.150; or

(b) Is authorized to practice public accountancy in this state under ORS 673.153.

(4) A business organization may 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:

(a) Is registered under ORS 673.160; or

(b) Is exempt from the registration requirement under ORS 673.160 (3).

(5) A person may 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 may 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) A person or business organization may not assume or use any title or designation likely to be confused with the titles "certified public accountant" or "public accountant," or any abbrevi-

ations likely to be confused with the abbreviations "C.P.A." or "P.A.," unless the person or business organization:

(A) Holds a valid permit or registration issued under ORS 673.010 to 673.457;

(B) Is authorized to practice public accountancy in this state under ORS 673.153; or

(C) Is exempt from the registration requirement under ORS 673.160 (3).

(b) 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) A person or business organization may 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:

(A) Holds a permit or registration issued under ORS 673.010 to 673.457;

(B) Is authorized to practice public accountancy in this state under ORS 673.153; or

(C) Is exempt from the registration requirement under ORS 673.160 (3).

(b) 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 may 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]* **may** not perform attestation **services** 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 person is authorized to practice public accountancy in this state under ORS 673.153;

(b) The business organization is exempt from the registration requirement under ORS 673.160 (3); or

(c)(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 **services** 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 22. ORS 670.304 is amended to read:

670.304. Except as otherwise specifically provided, ORS 670.300 to 670.380 apply to the following professional licensing and advisory boards:

(1) Professional licensing and advisory boards established in the Office of the Secretary of State.

(2) The Oregon Board of Maritime Pilots.

(3) The Board of Cosmetology, in the Health Licensing Office.

(4) The State Board of Architect Examiners.

(5) The State Landscape Contractors Board.

(6) The State Board of Examiners for Engineering and Land Surveying.

(7) The State Landscape Architect Board.

(8) The State Board of Geologist Examiners.

(9) The State Board of Tax Practitioners.

[(10) *The Oregon Board of Accountancy.*]

[(11)] (10) The Construction Contractors Board.

SECTION 23. ORS 670.306 is amended to read: 670.306. (1) Subsections (2) and (3) of this section shall apply only to the following professional licensing boards:

(a) State Board of Architect Examiners.

(b) Construction Contractors Board.

(c) State Board of Examiners for Engineering and Land Surveying.

(d) State Landscape Architect Board.

(e) State Landscape Contractors Board.

[(f) *Oregon Board of Accountancy.*]

[(g)] (f) State Board of Tax Practitioners.

(2) A board shall fix the qualifications of and appoint an administrative officer. The determination of qualifications and appointment of an administrative officer shall be made after consultation with the Governor.

(3) An administrative officer of a board shall not be a member of that board.

(4) Subject to the applicable rules of the State Personnel Relations Law, the board shall fix the compensation of its administrator, who shall be in the unclassified service.

(5) Subject to applicable rules of the State Personnel Relations Law, the administrative officer shall appoint all subordinate employees, prescribe their duties and fix their compensation.

SERIES CHANGES

SECTION 24. ORS 673.465 is added to and made a part of ORS 673.010 to 673.457.

REPEALS

SECTION 25. ORS 673.012, 673.173 and 673.445 are repealed.

OPERATIVE DATE

SECTION 26. (1) Sections 3 to 6, 12, 16, 19 and 24 of this 2015 Act, the amendments to statutes by sections 1, 2, 7 to 11, 13 to 15, 17, 18 and 20 to 23 of this 2015 Act and the repeal of statutes by section 25 of this 2015 Act become operative on January 1, 2016.

(2) The Oregon Board of Accountancy may take any action before the operative date specified in subsection (1) of this section that is necessary to enable the board to exercise, on and after the operative date specified in subsection (1) of this section, all the duties, functions and powers conferred on the board by sections 3 to 6, 12, 16, 19 and 24 of this 2015 Act, the amendments to statutes by sections 1, 2, 7 to 11, 13 to 15, 17, 18 and 20 to 23 of this 2015 Act and the repeal of statutes by section 25 of this 2015 Act.

UNIT CAPTIONS

SECTION 27. The unit captions used in this 2015 Act are provided only for the convenience of the reader and do not become part of the statutory law of this state or express any legislative intent in the enactment of this 2015 Act.

EMERGENCY CLAUSE

SECTION 28. This 2015 Act being necessary for the immediate preservation of the public peace, health and safety, an emergency is declared to exist, and this 2015 Act takes effect on its passage.

Approved by the Governor June 16, 2015
Filed in the office of Secretary of State June 22, 2015
Effective date June 16, 2015
