

HB59 ENROLLED



1 HB59
2 ARLMGQS-2
3 By Representative Underwood
4 RFD: Boards, Agencies and Commissions
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Enrolled, An Act,

3

Relating to the Alabama State Board of Public Accountancy; to amend Sections 34-1-2, 34-1-3, 34-1-4, 34-1-6, 34-1-7, 34-1-11, 34-1-14, and 34-1-16, Code of Alabama 1975; to authorize the board to provide certain required notifications by electronic mail; to authorize the board to provide educational prerequisites to certain actions by rule; to remove certain subjects required to be covered by the CPA examination; to further provide for nonlicensed owners of CPA firms; to further provide for the eligibility of individuals to be permitted to practice public accountancy; to provide that a firm cannot advertise that the firm is a CPA firm unless it is registered as a CPA firm; and to make nonsubstantive, technical revisions to update the existing code language to current style.

BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

Section 1. This act shall be known and may be cited as the Pathways to CPA Act.

Section 2. Sections 34-1-2, 34-1-3, 34-1-4, 34-1-6, 34-1-7, 34-1-11, 34-1-14, and 34-1-16, Code of Alabama 1975, are amended to read as follows:

"§34-1-2

For purposes of this chapter, the following words and phrases ~~shall~~ have the following meanings ~~respectively~~ ascribed in this section:

(1) AICPA. The American Institute of Certified Public



29 Accountants.

30 (2) ATTEST. Providing the following services:

31 a. Any audit or other engagement to be performed in
32 accordance with the Statements on Auditing Standards (SAS).

33 b. Any review of a financial statement to be performed
34 in accordance with the Statements on Standards for Accounting
35 and Review Services (SSARS).

36 c. Any engagement to be performed in accordance with
37 the Statements on Standards for Attestation Engagements
38 (SSAE).

39 d. Any engagement to be performed in accordance with
40 the auditing standards of the Public Company Accounting
41 Oversight Board (PCAOB).

42 e. The statements on standards specified in this
43 definition shall be adopted by reference by the board pursuant
44 to rulemaking and shall be those developed for general
45 application by recognized national accountancy organizations
46 such as the AICPA and PCAOB.

47 (3) BOARD. The Alabama State Board of Public
48 Accountancy created by Section 34-1-3, except the special
49 meaning applicable only to Section 34-1-4.

50 (4) CERTIFIED PUBLIC ACCOUNTANT or CPA. An individual
51 who holds a certificate as a certified public accountant
52 issued according to Section 34-1-4.

53 (5) COMPILATION. Providing a service of any compilation
54 engagement to be performed in accordance with Statements on
55 Standards for Accounting and Review Services (SSARS).

56 (5) (6) FIRM. A sole proprietorship, partnership,



57 professional corporation, professional association, limited
58 liability company, limited liability partnership, or any other
59 form of business entity now or hereafter recognized by Alabama
60 law.

61 ~~(6)~~(7) LICENSE. A certificate issued pursuant to
62 Section 34-1-4, a permit issued pursuant to Section 34-1-11,
63 registration pursuant to Section 34-1-8; or, in each case, a
64 certificate or permit issued pursuant to corresponding
65 provisions of prior law, or the practice privilege provided
66 pursuant to Section 34-1-7.

67 ~~(7)~~(8) LICENSEE. The holder of a license.

68 ~~(8)~~(9) OWNER. Any person who holds an ownership
69 interest in a firm.

70 ~~(9)~~(10) PEER REVIEW. The study, appraisal, or review of
71 one or more aspects of the professional work of a licensee or
72 firm that performs attest or compilation services, by a person
73 or persons who hold licenses and who are not affiliated with
74 the licensee or firm being reviewed.

75 ~~(10)~~(11) PREPARATION OF FINANCIAL STATEMENT. Providing
76 a service of any preparation of financial statements
77 engagement to be performed in accordance with Statements on
78 Standards for Accounting and Review Services (SSARS).

79 ~~(11)~~(12) REPORT. a. When used in reference to any
80 attest or compilation service, an opinion, report, or other
81 form of language that states or implies assurance as to the
82 reliability of the attested information or compiled financial
83 statements and that also includes or is accompanied by any
84 statement or implication that the person or firm issuing it



85 has special knowledge or competence in accounting or auditing.
86 Such a statement or implication of special knowledge or
87 competence may arise from use by the insurer or the report of
88 names or titles indicating that the person or firm is an
89 accountant or auditor or from the language of the report
90 itself.

91 b. The term report includes any form of language that
92 disclaims an opinion when such form of language is
93 conventionally understood to imply any positive assurance as
94 to the reliability of the attested information or compiled
95 financial statements referred to or special competence on the
96 part of the person or firm issuing such language. The term
97 report includes any other form of language that is
98 conventionally understood to imply such assurance or such
99 special knowledge or competence.

100 (12)(13) STATE. Any state, territory, or insular
101 possession of the United States or the District of Columbia."

102 "§34-1-3

103 (a) There is created ~~a board of public accountancy in~~
104 ~~and for the State of Alabama, to be known as~~ the Alabama State
105 Board of Public Accountancy. The board shall consist of seven
106 members appointed by the Governor and confirmed by the Senate.
107 Members of the board shall be citizens of the United States
108 and residents of the state. The membership of the board shall
109 be inclusive and reflect the racial, gender, geographic,
110 ~~urban/rural, rural,~~ and economic diversity of the state.
111 ~~Commencing October 1, 2019, six~~six members of the Alabama
112 ~~State Board of Public Accountancy board~~ shall be certified



113 public accountants in good standing with the board and one
114 member of the board shall be a public member who is not under
115 the jurisdiction of the board, but ~~shall~~ at the time of his or
116 her appointment shall be an active and reputable member of the
117 Alabama business community who possesses a knowledge and
118 understanding of financial transactions and financial
119 statements. ~~The persons~~These individuals and their successors
120 shall constitute the ~~Board of Public Accountancy~~board and
121 shall have and exercise all the powers and authority vested by
122 law in the board.

123 (b) All appointments shall be effective on October 1
124 for four-year terms, unless an appointment is made for an
125 unexpired term.

126 (c) The Alabama Society of Certified Public Accountants
127 ~~shall, at least, not less than~~ 30 days prior to the beginning
128 of any term or ~~within~~not more than 30 days after any position
129 on the board becomes vacant, shall submit to the Governor the
130 names of five ~~persons~~individuals qualified for membership on
131 the board for the certified public accountant position and
132 public member position to be filled, and the Governor shall
133 appoint one of the five nominees. Upon the failure of the
134 Alabama Society of Certified Public Accountants to submit
135 timely nominations for a position on the ~~Board of Public~~
136 ~~Accountancy~~board, the ~~Board of Public Accountancy~~board may
137 submit nominations for the position to the Governor, who shall
138 appoint one of the five nominees.

139 (d) No ~~person~~individual who has served two successive
140 complete terms on the board ~~shall be eligible for~~



141 ~~reappointment~~may be reappointed until after the lapse of one
142 year. An appointment to fill an unexpired term shall not be
143 considered a complete term. Vacancies occurring during a term
144 shall be filled by appointment for the unexpired term. Upon
145 the expiration of his or her term of office, a member shall
146 continue to serve until his or her successor is appointed and
147 confirmed by the Senate. Within 15 days ~~after theirof~~
148 confirmation by the Senate, the members of the board shall
149 take an oath before any ~~person~~individual lawfully authorized
150 to administer oaths in this state to faithfully and
151 impartially perform their duties as members of the board, ~~and~~
152 ~~the same~~which shall be filed with the Secretary of State. The
153 Governor shall remove from the board any accountant-member
154 whose permit to practice has become void, ~~or~~ has been revoked,
155 or suspended, ~~or~~may, after a hearing, may remove any member
156 of the board for neglect of duty or just cause.

157 (e) The board annually shall elect a chair, a
158 vice-chair, and a secretary from its members.

159 (f) The board may adopt and amend rules pursuant to the
160 Administrative Procedure Act for the orderly conduct of its
161 affairs and for the administration of this chapter.

162 (g) A majority of the board shall constitute a quorum
163 for the transaction of business.

164 (h) The board shall have a seal ~~which~~that shall be
165 judicially noticed.

166 (i) The board shall keep records of its proceedings and
167 of any proceeding in court, civil or criminal, arising out of
168 or founded upon this chapter. Copies of the records certified



169 as correct under the seal of the board shall be admissible in
170 evidence to prove the content of the records.

171 (j) The board shall maintain an annual register which
172 shall contain the names, arranged alphabetically by
173 classification, of all licensees under this chapter; the names
174 of the members of the board; and all other information deemed
175 proper by the board. The board may charge a fee in an amount
176 set by ~~it~~the board for furnishing the annual register to
177 persons who request ~~it~~the annual register.

178 (k) The board shall employ an executive director who is
179 a certified public accountant in good standing with the board
180 and ~~such~~other personnel as may be needed, including, but not
181 limited to, certified public accountants in good standing with
182 the board, and shall arrange for ~~such~~assistance, services,
183 supplies, and equipment as ~~it requires for the~~the board
184 requires to perform ~~ef~~perform its duties. The number of
185 employees, their compensation, and all other expenses of the
186 board shall be paid at ~~such~~rates and in~~such~~ amounts as the
187 board ~~shall approve~~approves. The executive director and other
188 employees of the board shall not be subject to or governed by
189 the state Merit System law but shall be entitled to all
190 benefits accruing to Merit System employees, including, but
191 not limited to, the right to accumulate leave, participate in
192 the Employees' Retirement System, and participate in the State
193 Employees' Health Insurance Plan.

194 (l) The board may adopt and amend rules of professional
195 conduct appropriate to establish and maintain a high standard
196 of integrity in the profession of public accountancy. At



197 ~~least~~Not less than 60 days prior to the adoption of any rule
198 or amendment, the board shall distribute by United States mail
199 or electronic mail copies of the proposed rule or amendment to
200 each holder of a permit issued under Section 34-1-11, with a
201 notice advising him or her of the proposed effective date of
202 the rule or amendment and requesting that he or she submit
203 comments ~~thereon at least~~not less than 15 days prior to the
204 effective date~~+~~. ~~the~~The comments shall be advisory only.
205 Failure to receive ~~by mail~~ the rule, amendment, or notice by
206 all permit holders shall not affect the validity of any rule
207 or amendment.

208 (m) Each member of the board shall be paid the same per
209 diem and travel allowance paid to state employees for each day
210 the member is actively engaged in the official business of the
211 board out of the funds of the board.

212 (n) (1) Any records, information, or writings obtained
213 or kept by the ~~Board of Public Accountancy~~board in connection
214 with a peer review program ~~which~~that the board is authorized
215 to establish by rule~~+~~ or obtained or kept by the board in
216 connection with a disciplinary investigation shall be held in
217 confidence. If, pursuant to a disciplinary investigation,
218 probable cause for a hearing is found by the board, records,
219 information, or writings upon which the finding is based shall
220 be available to the licensee under investigation. Records,
221 information, and writings held in confidence ~~shall~~may not be
222 disclosed to any person except to the extent necessary to
223 carry out the purposes of the peer review program, the
224 investigation, or this chapter; pursuant to a court order for



225 the production of evidence or the discovery thereof; or
226 pursuant to litigation involving the ~~Board of Public~~
227 ~~Accountancyboard~~ wherein the records, information, or writings
228 are relevant to the issue in litigation.

229 (2) Notwithstanding ~~the foregoing subdivision (1)~~, with
230 respect to peer review programs deemed acceptable to the board
231 which are performed by other organizations, the board shall
232 require that the peer review processes be operated and
233 documents maintained in a manner designed to preserve
234 confidentiality, and that neither the board nor any third
235 party, other than an oversight body, ~~shall~~may have access to
236 documents furnished or generated in the course of the review."

237 "§34-1-4

238 ~~(a) If each of the following qualifications is met,~~
239 ~~the~~The certificate of certified public accountant shall be
240 granted by the board to any ~~person~~individual who satisfies
241 each of the following requirements:

242 ~~(1) Who is~~Is a citizen of the United States or, if not
243 a citizen of the United States, ~~a person~~an individual who is
244 legally present in the United States with appropriate
245 documentation from the federal government.

246 ~~(2) Who has~~Has attained ~~the age of~~ 19 years of age.

247 ~~(3) Who is~~Is of good moral character.

248 ~~(4) Who meets~~Satisfies the ~~following~~ educational
249 requirements adopted by rule of the board.♦

250 ~~a. A person shall have earned a college degree from a~~
251 ~~four-year college or university accredited by a regional~~
252 ~~accreditation board such as the Southern Association of~~



253 Colleges and Universities, with a concentration in accounting
254 or what the board determines to be substantially the
255 equivalent of a concentration in accounting. Persons who, on
256 May 16, 1989, have previously taken the uniform written CPA
257 examination shall be considered to meet these qualifications.

258 b. After January 1, 1995, any person who has not
259 previously sat for the uniform CPA examination shall have
260 completed a total of 150 semester hours or 225 quarter hours
261 of postsecondary education, including a baccalaureate degree
262 at a college or university accredited by a regional
263 accreditation board such as the Southern Association of
264 Colleges and Universities. The total education program shall
265 include an accounting concentration as defined by the board
266 and other course work as the board may require by regulation.

267 (5) a. Who has Has successfully passed the uniform CPA
268 examination, administered by the board or its designee, in
269 accounting and auditing and in any other related subjects as
270 the board deems necessary, including, but not limited to,
271 business law and taxation, to maintain the highest standard of
272 proficiency in the profession of public accounting.

273 b. After January 1, 2016, in order to be eligible for
274 an initial sitting An individual may not initially sit for the
275 uniform CPA examination, a person shall have completed a total
276 of 120 semester hours or 180 quarter hours of education,
277 including a baccalaureate degree at a college or university
278 accredited by a regional accreditation board such as the
279 Southern Association of Colleges and Universities unless he or
280 she has satisfied the educational requirements adopted by rule



281 of the board.

282 (b) (1) Examinations provided for in this chapter shall
283 be given by the board as often as necessary, but not less
284 ~~frequently~~ than twice each year. The board ~~shall~~, after each
285 examination, shall notify applicants of the results.

286 (2) The board may issue certificates under the
287 signature and the official seal of the board, pursuant to this
288 chapter.

289 (c) The board shall charge ~~each person certified under~~
290 ~~subsection (e) and~~ each candidate an application fee for the
291 uniform CPA examination ~~in an amount determined by the board.~~
292 ~~Examination and reexamination~~ These fees shall be charged by
293 the board, or its designee, in amounts determined by the board
294 for each subject in which a candidate is examined. The
295 applicable fees shall be paid to the board, or its designee,
296 by the candidate at the time he or she applies for examination
297 or reexamination.

298 (d) ~~Persons who, on May 16, 1989, held certified public~~
299 ~~accountant certificates issued under the laws of this state~~
300 ~~shall not be required to obtain additional certificates under~~
301 ~~this chapter, but shall otherwise be subject to this chapter.~~
302 ~~The certificates issued shall, for all purposes, be considered~~
303 ~~certificates issued under this chapter and subject to this~~
304 ~~chapter.~~

305 (e) (d) (1) The board may waive the examination under
306 subdivision (a) (5) and may issue an Alabama reciprocal
307 certificate as a certified public accountant to any person
308 paying individual who satisfies all of the following:



309 a. Pays the application fee provided in subsection
310 ~~(e)~~subdivision (2).

311 b. who possesses~~Possesses~~ the qualifications specified
312 in subdivisions (a) (1) through (a) (3)~~r~~ and what the board
313 determines to be substantially the equivalent of the
314 applicable ~~qualifications~~requirements under subdivision
315 (a) (4)~~r~~.

316 c. and who is the holder of~~Holds~~ a certificate as a
317 certified public accountant, then in full force and effect,
318 issued under the laws of any state.

319 (2) The board shall charge each individual desiring to
320 be certified pursuant to subdivision (1) an application fee in
321 an amount determined by the board.

322 ~~(f)~~(e) The board may ~~make appropriate regulations~~adopt
323 rules to govern the issuance of a certificate as a certified
324 public accountant to the holder of a certificate, license, or
325 degree which is then in full force and effect in any foreign
326 country constituting a recognized qualification for the
327 practice of public accounting in the country, comparable to
328 that of a certified public accountant of this state."

329 "§34-1-6

330 (a) A firm engaged in this state in the practice of
331 public accounting may register with the board as a firm of
332 certified public accountants provided ~~it~~the firm meets all of
333 the following requirements:

334 (1) At least 51 percent of the ownership of the firm,
335 in terms of financial interests and voting rights of all
336 partners, officers, shareholders, members, or managers,



337 belongs to holders of a certificate who are licensed in some
338 state, and such partners, officers, shareholders, members, or
339 managers, whose principal place of business is in this state,
340 and who perform professional services in this state hold a
341 valid certificate issued under Section 34-1-4. Although firms
342 may include nonlicensee owners, the firm and its ownership
343 ~~must~~shall comply with rules ~~promulgated~~adopted by the board.

344 (2) Each certified public accountant owner regularly
345 engaged within this state in the practice of public accounting
346 as a member of the firm shall be a certified public accountant
347 of this state in good standing except as provided in
348 subdivision (4) ~~of this subsection~~ or when practicing pursuant
349 to Section 34-1-7.

350 (3) Each resident manager in charge of an office of a
351 firm in this state whose main office is outside this state
352 shall be a certified public accountant of this state in good
353 standing except as provided in subdivision (4) ~~of this~~
354 ~~subsection~~.

355 (4) ~~Certified~~Each certified public
356 ~~accountants~~accountant (~~CPAs~~) ~~from other jurisdictions~~another
357 jurisdiction transferring into Alabama shall ~~be required to~~
358 obtain an Alabama reciprocal certificate ~~within~~not more than
359 24 months from the date of transfer.

360 (5) ~~Any CPA firm as defined in this chapter may~~
361 ~~include~~The firm does all of the following with regard to any
362 nonlicensee owners provided that~~of the firm~~:

363 a. ~~The firm designates~~Designates a licensee of this
364 state who is responsible for the proper registration of the



365 firm and identifies that individual to the board.

366 b. ~~All~~Ensures all nonlicensee owners are active
367 individual participants in the CPA firm or affiliated
368 entities.

369 c. ~~A~~Ensures a nonlicensee is prohibited from being ~~not~~
370 an owner if he or she has previously held a license.

371 d. ~~All~~Ensures that all nonlicensee owners whose
372 principal place of business is in this state~~shall~~ register
373 annually with the board, pay an annual registration fee in an
374 amount determined by the board, and report the
375 ~~satisfaction~~completion of any annual continuing education
376 requirements that the board may impose by rule on nonlicensee
377 owners.

378 e. ~~The firm complies~~Complies with ~~such~~all other
379 requirements as the board may impose by rule.

380 (6) Firms ~~which~~that fall out of compliance with this
381 section due to changes in firm ownership or personnel, after
382 receiving or renewing a permit, shall take corrective action
383 to bring the firm back into compliance as quickly as possible.
384 The board may grant a reasonable period of time to take such
385 corrective action. Failure to bring the firm back into
386 compliance within a reasonable period of time as defined by
387 the board ~~will~~shall result in the suspension or revocation of
388 the firm permit.

389 (b) Application for registration shall be made upon the
390 affidavit of an owner of the firm who is a certified public
391 accountant of this state in good standing. The board shall in
392 each case determine whether the firm is eligible for



393 registration. A firm ~~which~~that is registered and ~~which~~that
394 holds a permit issued under Section 34-1-11 may use the words
395 "certified public accountants" or the abbreviation "CPAs" in
396 connection with the name of the firm. ~~Notification shall be~~
397 ~~given the board, within~~A registered firm shall notify the
398 board not more than one month~~,~~ after the admission~~to~~ or
399 withdrawal of an owner~~from~~ any firm registered."

400 "§34-1-7

401 (a) Subject to subsection (b), ~~a person~~an individual
402 who ~~is licensed~~holds a valid license as a certified public
403 accountant in another state, has satisfied the educational
404 requirements adopted by rule of the board, and whose principal
405 place of business is not in this state shall have all the
406 practice privileges of a certified public accountant in this
407 state without the need to obtain a certificate or permit under
408 this chapter or to notify or register with the board.—and A
409 certfied public accountant may offer or render professional
410 services in this state, whether in person or by United States
411 mail, telephone, or electronic means, without any notice, fee,
412 or other submission under this chapter.

413 (b) ~~A person~~An individual exercising the practice
414 privilege granted in subsection (a) and any firm that employs
415 the ~~person~~individual, as a condition of the grant of the
416 privilege, are deemed to consent to all of the following:

417 (1) The personal and subject matter jurisdiction and
418 disciplinary authority of the board and the courts of Alabama.
419 (2) Compliance with this chapter and any rules
420 ~~promulgated~~adopted by the board.



421 (3) That the personindividual shall cease offering or
422 rendering professional services under ~~the practice~~
423 ~~privileges~~subsection (a) personally and on behalf of a firm if
424 the license of the personindividual from the state by which
425 the personindividual was licensed as a certified public
426 accountant when any professional services were offered or
427 rendered, or began to be offered or rendered, pursuant to ~~the~~
428 ~~practice privilege provided in this section~~subsection (a), is
429 no longer valid.

430 (4) To the appointment of any out-of-state board by
431 which the ~~person~~individual was licensed as a certified public
432 accountant when any professional services were offered or
433 rendered, or began to be offered or rendered, pursuant to ~~the~~
434 ~~practice privilege provided in this section~~subsection (a), to
435 be his or her agent for the purpose of service of process in
436 any action or proceeding by the board in this state against
437 the ~~person~~individual."

438 "§ 34-1-11



449 government, or has declared his or her intent to become a
450 citizen; and (2); (ii) has attained the age of 19 years of
451 age; and (3)(iii) is of good moral character; and (4)(iv)
452 meets the experience requirements set forth ~~in subsection~~
453 ~~(e) by rule of the board~~. Permits to engage in ~~the practice of~~
454 public accounting in this state also shall be issued by the
455 board to ~~persons~~individuals or firms under Sections 34-1-5,
456 34-1-6, and 34-1-9, if all offices of those certificate
457 holders or registrants are maintained and registered as
458 required under Section 34-1-10.

459 (2) There shall be an annual permit fee for each
460 certificate holder under Section 34-1-4, each registrant under
461 Section 34-1-8, and each firm in an amount to be determined by
462 the board. All permits shall expire on September 30 of each
463 year and may be renewed annually for a period of one year. The
464 application for renewal and annual renewal fee shall be filed
465 with ~~this~~the board no later than December 31 following the
466 expiration date. The board may also charge a late renewal
467 penalty on or after January 1 following the expiration date in
468 an amount set by the board which is graduated depending on the
469 length of time the renewal is delinquent.

470 (2)(3) The board, by rule, shall require as a condition
471 for renewal of a permit ~~under this section, by that~~ any permit
472 holder who performs compilation services for the public other
473 than through a CPA or PA firm, ~~that the individual undergo,~~
474 ~~not~~ more frequently than once every three years, a peer
475 review ~~conducted in such manner as the board shall by rule~~
476 ~~specify~~.



(b) (1) Notwithstanding subsection (a), a certified public accountant or public accountant registered under this chapter who is not engaged in the practice of public accounting may request the board, in writing, to place his or her name on the board's inactive roll or retired roll, thereby granting him or her inactive status or retired status, and protecting his or her right to obtain a permit to practice pursuant to subsection (a) at a later time as he or she wishes to become actively engaged in the practice of public accounting.



505 shall specify the number of hours of continuing education the
506 applicant shall ~~obtainsatisfy~~ before he or she regains active
507 status to ensure ~~his or her~~ competency to practice public
508 accounting.

509 (c) Every application for renewal of an annual permit
510 to practice by any ~~person~~individual who holds a certificate as
511 a certified public accountant or who is a registrant under
512 Section 34-1-8 shall be accompanied or supported by any
513 evidence the board prescribes of satisfaction of its
514 continuing education requirements during the preceding year.
515 Failure by an applicant for renewal of an annual permit to
516 furnish the evidence shall constitute grounds for revocation,
517 suspension, or refusal to renew the permit in a proceeding
518 under Section 34-1-12, unless the board determines the failure
519 to have been due to reasonable cause. The board may renew an
520 annual permit to practice despite failure to furnish evidence
521 of satisfaction of requirements of continuing education upon
522 the condition that the applicant follows a particular program
523 or schedule of continuing education. In issuing rules,
524 ~~regulations~~, and individual orders ~~in~~with respect ~~of~~to
525 requirements of continuing education, the board, among other
526 things, may:

527 (1) ~~use~~Use and rely upon guidelines and pronouncements
528 of recognized educational and professional associations;

529 (2) ~~may prescribe for~~Prescribe the content, duration,
530 and organization of courses;

531 (3) ~~shall take~~Take into account the accessibility by
532 applicants to the continuing education required and any



533 impediments to interstate practice of public accountancy which
534 result from the difference in the requirements in other
535 states; and

536 (4) and may provideProvide for relaxation or suspension
537 of those requirements in regard to applicants who certify that
538 they do not intend to engage in the practice of public
539 accountancy, and for instances of individual hardships.

540 (d) In the eventIf a certified public accountant or
541 public accountant fails to apply for an annual permit to
542 practice or to be placed on the board's inactive roll within:
543 (1)(i) Sixsix months from the expiration date of the permit to
544 practice last obtained or renewed pursuant to subsection (a);
545 (2)(ii) six months from the expiration date of the last annual
546 renewal of his or her certificate pursuant to subsection (b);
547 or (3)(iii) six months from the date upon which the
548 certificate holder or registrant was granted his or her
549 certificate or registration, if no permit was ever issued to
550 him or her under subsection (a) or his or her name was never
551 placed on the board's inactive roll under subsection (b), the
552 certified public accountant or public accountant may not apply
553 for a permit or inactive status, and the failure to apply
554 shall constitute grounds for revocation or suspension of the
555 holder's certificate, unless the board determines the failure
556 to have been due to reasonable cause. In that case, the board
557 may impose a reinstatement fee not to exceed one hundred
558 dollars (\$100), plus the total annual registration fees and
559 late renewal penalties whichthat the certified public
560 accountant or public accountant would have paid under this



561 chapter during the period when neither a permit nor inactive
562 status was maintained. The board may also charge an inactive
563 status penalty in an amount set by the board which is
564 graduated for the time of the inactivity.

565 ~~(e) The experience requirement shall be one year of
566 experience in the practice of public accounting as defined by
567 the board's rules and regulations."~~

568 "§34-1-14

569 (a) ~~Commencement of proceeding.~~ The board may initiate
570 proceedings under this chapter either on its own motion or on
571 the complaint of any person.

572 (b) ~~Notice; service and contents.~~ A written notice
573 stating the nature of the charge or charges against the
574 accused and the time and place of the hearing before the board
575 on ~~such~~the charges shall be served on the accused not less
576 than 30 days prior to the date of ~~said~~the hearing either
577 personally or by mailing a copy thereof by registered or
578 certified mail to the address of the accused last known to the
579 board or by electronic mail to the last electronic mail
580 address of the accused known to the board with electronic mail
581 delivery receipt requested.

582 (c) ~~Failure to appear.~~ If, after having been served
583 with ~~the~~a notice of hearing ~~as provided for herein~~, the
584 accused fails to appear at ~~said~~the hearing and defend, the
585 board may proceed to hear evidence against him or her and may
586 enter ~~such~~an order as ~~shall~~may be justified by the evidence,
587 ~~which.~~ The order shall be final unless ~~he or she~~the accused
588 petitions for a review ~~thereof as provided herein~~of the order;



589 provided, that ~~within~~not more than 30 days from the date of
590 any order, upon a showing of good cause for failing to appear
591 and defend, the board may reopen the proceedings and ~~may~~
592 permit the accused to submit evidence in his or her behalf.

593 (d) ~~Counsel; witnesses; cross-examination.~~ At any
594 hearing, the accused may appear in person or by counsel,
595 produce evidence and witnesses on his or her own behalf,
596 cross-examine witnesses and examine ~~such~~ evidence as may be
597 produced against him or her. A professional association or
598 corporation may be represented before the board by counsel or
599 by a shareholder who is a certified public accountant or
600 public accountant of this state in good standing. The accused
601 shall be entitled, on application to the board, to the
602 issuance of subpoenas to compel the attendance of witnesses on
603 his or her behalf.

604 (e) ~~Subpoenas; testimony; deposition.~~

605 (1) In all matters pending before it, the board ~~shall~~
606 ~~have the power to~~may issue subpoenas and compel the attendance
607 of witnesses and the production of all necessary papers, books
608 and records, documentary evidence and materials, or other
609 evidence. Any ~~person~~individual failing or refusing to appear
610 or testify regarding any matter about which he or she may be
611 lawfully questioned or to produce any papers, books, records,
612 documentary evidence, or materials or other evidence in the
613 matter to be heard, after having been required by order ~~of the~~
614 ~~board~~~~or by~~ subpoena of the board to do so, ~~may~~, upon
615 application by the board to any circuit judge of the State of
616 Alabama, may be ordered to comply ~~therewith~~, and upon failure



617 ~~to comply~~ with the order. Upon the failure to comply with the
618 order of the circuit judge, the court may compel obedience by
619 attachment as for contempt, as in the case of disobedience of
620 a similar order or subpoena issued by the court. The
621 ~~chairman~~chair and the secretary of the board ~~shall have the~~
622 ~~authority to~~may issue subpoenas, and any board member ~~shall~~
623 ~~have authority to~~may administer oaths to witnesses or ~~to~~take
624 ~~their~~his or ~~her~~ affirmation. A subpoena or other process or
625 paper may be served upon any ~~person~~individual named therein,
626 anywhere within the State of Alabama, with the same fees and
627 mileage, by any officer authorized to serve subpoenas or ~~such~~
628 other process or paper in civil actions, in the same manner as
629 is prescribed by law for subpoenas issued out of the circuit
630 courts of this state, the fees and mileage and other costs
631 including witness fees and mileage to be paid as the board
632 directs.

633 (2) Deposition may be taken within or ~~without~~outside of
634 the State of Alabama in the manner provided for by the laws of
635 Alabama and the Alabama Rules of Civil Procedure for the
636 taking of depositions in matters pending in the circuit courts
637 of this state. The depositions shall be returnable to the
638 clerk of the circuit court of the county ~~wherein~~where the
639 hearing before the board is pending, and the clerk shall
640 deliver the depositions to the board upon request, ~~and the.~~
641 The depositions may be opened or used by the parties to the
642 proceedings the same as is provided for in matters pending
643 before the circuit courts.

644 (3) The circuit court ~~shall~~, upon request of any



645 interested party in any proceedings before the board, shall
646 issue commissions for the taking of depositions in the same
647 manner as is provided by law for the issuance of commissions
648 for the taking of depositions in matters pending before the
649 circuit courts of this state.

650 (f) Evidence.—The board shall not be bound to observe
651 formal rules of pleading or evidence.

652 (g) Record.—A stenographic record of hearings shall be
653 kept and a transcript thereof filed with the board.

654 (h) Attorney for the board.—At all hearings, the
655 Attorney General ~~of this state~~, or ~~one of~~ his or her
656 ~~assistants designated by him or her~~designee, or ~~such~~ other
657 legal counsel as may be employed by the board, shall appear
658 and represent the board and participate in the presentation of
659 any matter before the board.

660 (i) Decision.—Any decision of the board shall be by
661 majority vote thereof of the board.

662 (j) Review by court.

663 (1) Anyone adversely affected by any order of the board
664 may obtain a review thereof of the order by filing a written
665 petition for review with the Circuit Court of Montgomery
666 County within 30 days after the entry of the order. The
667 petition shall contain or have attached thereto to the petition
668 a true copy of the order complained of ~~and shall~~, state the
669 grounds upon which the review is asked, and ~~shall pray~~ request
670 that the order of the board be modified or set aside in whole
671 or in part. A copy of such the petition shall be forthwith
672 served upon any member of the board, and thereupon the board



673 shall certify and file in the court a copy of its order and a
674 complete transcript of the record upon which the order
675 complained of was entered. The case shall then be tried and
676 heard on the record made before the board, without the
677 introduction of new or additional evidence, but the parties
678 shall be permitted to file briefs. The court may affirm,
679 modify, or set aside the board's order in whole or in part, or
680 may remand the case to the board for further evidence, and
681 may, ~~in its discretion~~, stay the effect of the board's order
682 pending its determination of the case. The court's decision
683 shall have the force and effect of a judgment.

684 (2) From the judgment of the circuit court, either the
685 board or the affected party who invoked the review may appeal
686 directly to the Supreme Court of Alabama by taking ~~such the~~
687 appeal ~~within~~not more than 42 days after the date of the
688 making ~~of~~ and entering of ~~its~~ judgment ~~by~~ the circuit
689 ~~court~~court's judgment. The ~~affected~~appealing party ~~so~~
690 ~~appealing~~ shall give security for the costs of ~~such the~~ appeal
691 to be approved by the register or clerk of the circuit court.
692 No ~~such~~ security shall be required of the board."

693 "§34-1-16

694 No ~~person~~individual shall assume or use the title or
695 designation "certified public accountant," the abbreviation
696 "CPA" or any other title, designation, words, letters,
697 abbreviation, sign, card, or device tending to indicate that
698 the ~~person~~individual is a certified public accountant, unless
699 the ~~person~~individual has received a certificate as a certified
700 public accountant under Section 34-1-4 and, if in public



701 practice, holds a permit issued under Section 34-1-11, which
702 is not revoked or suspended, hereinafter referred to as a live
703 permit, and all of the offices of the personindividual in this
704 state for the practice of public accounting are maintained and
705 registered as required under Section 34-1-10, or the
706 personindividual is practicing pursuant to Section 34-1-7;
707 provided, however:

708 (1) A foreign accountant who has registered under
709 Section 34-1-5 and who holds a live permit issued under
710 Section 34-1-11 may use the title under which he or she is
711 generally known in his or her country, followed by the name of
712 the country from which the certificate, license, or degree was
713 received.;

714 (2) No firm with an office in this state shall provide
715 attest services or assume or use the title or designation
716 "certified public accountants" or the abbreviation "CPAs" or
717 any other ~~title, designation, words, letters, signs,~~
718 ~~abbreviation, card~~cards, or ~~device tending to~~other advertising
719 means that indicate that the firm is ~~composed of a~~ certified
720 public ~~accountants~~accounting firm, unless the firm is
721 registered as a firm of certified public accountants under
722 Section 34-1-6, holds a live permit issued under Section
723 34-1-11, and all of the offices of the firm in this state for
724 the practice of public accounting are maintained and
725 registered as required under Section 34-1-10, and ownership of
726 the firm is in accord with this chapter and rules
727 ~~promulgated~~adopted by the board.;

728 (3) No personindividual shall assume or use the title



729 or designation "public accountant," the abbreviation thereof,
730 or any other title, designation, words, letters, abbreviation,
731 sign, card, or device tending to indicate that the
732 personindividual is a public accountant, unless the
733 personindividual is registered as a public accountant under
734 Section 34-1-8, holds a live permit issued under Section
735 34-1-11, and all of the offices of the personindividual in
736 this state for the practice of public accounting are
737 maintained and registered as required under Section 34-1-10 or
738 unless the personindividual has received a certificate as a
739 certified public accountant under Section 34-1-4, holds a live
740 permit issued under Section 34-1-11, and all of the offices of
741 the personindividual in this state for the practice of public
742 accounting are maintained and registered as required under
743 Section 34-1-10-i.

744 (4) No firm shall provide attest services or assume or
745 use the title or designation "public accountant" or any other
746 title, designation, words, letters, abbreviation, sign, card,
747 or device tending to indicate that the firm is composed of
748 public accountants, unless the firm is registered as a firm of
749 public accountants under Section 34-1-9, or as a firm of
750 certified public accountants under Section 34-1-5, holds a
751 live permit issued under Section 34-1-11, and all of the
752 offices of the firm in this state for the practice of public
753 accounting are maintained and registered as required under
754 Section 34-1-10-i.

755 (5) No personindividual or firm shall assume or use the
756 title or designation "accredited accountant," "certified



757 accountant," "chartered accountant," "enrolled accountant,"
758 "licensed accountant," "registered accountant," or any other
759 title or designation likely to be confused with "certified
760 public accountant" or "public accountant," or any of the
761 abbreviations "AA," "CA," "LA," "RA," or similar abbreviations
762 likely to be confused with "CPA" or "PA." The title "enrolled
763 agent" or "EA" may be used by only individuals so designated
764 by the Internal Revenue Service. Notwithstanding the
765 foregoing, any personindividual who holds a live permit issued
766 under Section 34-1-11, and all of whose offices in this state
767 for the practice of public accounting are maintained and
768 registered as required under Section 34-1-10, or who is
769 practicing pursuant to Section 34-1-7, may hold himself or
770 herself out to the public as an "accountant" or "auditor." A
771 foreign accountant registered under Section 34-1-5 who holds a
772 live permit issued under Section 34-1-11 and all of whose
773 offices in this state for the practice of public accounting
774 are maintained and registered as required under Section
775 34-1-10 may use the title under which he or she is generally
776 known in his or her country, followed by the name of the
777 country from which he or she received the certificate,
778 license, or degree;.

779 (6) No personindividual shall sign or affix his or her
780 name or any trade or assumed name used in the
781 person'sindividual's profession or business, with any wording
782 indicating that he or she has expert knowledge in accounting
783 or auditing, to any opinion, report, or certificate attesting
784 in any way to the reliability of any representation or



785 estimate in regard to any person or organization embracing
786 financial or attested information or facts respecting
787 compliance with conditions established by law or contract,
788 including but not limited to statutes, ordinances,
789 regulations, grants, loans, and appropriations, unless he or
790 she holds a live permit issued under Section 34-1-11, and all
791 of the offices in this state for the practice of public
792 accounting are maintained and registered under Section
793 34-1-10, or unless the personindividual is practicing pursuant
794 to Section 34-1-7. Notwithstanding the foregoing, this
795 subdivision shall not prohibit any officer, employee, partner,
796 or principal of any organization from affixing his or her
797 signature to any statement or report in reference to the
798 financial affairs of the organization with any wording
799 designating the position, title, or office ~~which~~that he or she
800 holds in the organization, nor shall this subdivision prohibit
801 any act of a public official or public employee in the
802 performance of ~~their~~his or her duties.; and

803 (7) No personindividual shall sign or affix the name of
804 the firm, with any wording indicating that it is a firm
805 composed of accountants or auditors or personsindividuals
806 having expert knowledge in accounting or auditing, to any
807 opinion, report, or certificate attesting in any way to the
808 reliability of any representation or estimate in regard to any
809 person or organization embracing financial or attested
810 information or facts respecting compliance with conditions
811 established by law or contract, including, but not limited to,
812 statutes, ordinances, regulations, grants, loans, and



813 appropriations, unless the firm holds a live permit issued
814 under Section 34-1-11, and all of its offices in this state
815 for the practice of public accounting are maintained and
816 registered as required under Section 34-1-10, or the
817 personindividual is practicing pursuant to Section 34-1-7.

818 (8) No personindividual shall assume or use the title
819 or designation "certified public accountant" or "public
820 accountant" in conjunction with names indicating or implying
821 that there is a firm, in conjunction with the designation "and
822 company" and "and co." or a similar designation if there is in
823 fact no bona fide firm registered under Section 34-1-6 or
824 Section 34-1-9, unless the personindividual is practicing
825 pursuant to Section 34-1-7. No personindividual holding a
826 certificate or registration or firm holding a permit under
827 this chapter or personindividual practicing pursuant to
828 Section 34-1-7 shall use a professional or firm name or
829 designation that is misleading about the legal form of the
830 firm, or about the personsindividuals who are partners,
831 officers, members, managers, or shareholders of the firm, or
832 about any other matter. This section shall not prevent a firm
833 or its successors from continuing to practice under a firm
834 name which consists of or includes the name or names of one or
835 more former owners.

836 (9) Only licensees holding a valid permit to practice
837 or practicing pursuant to Section 34-1-7 may issue a report on
838 financial statements of any other personindividual, firm,
839 organization, or governmental unit or otherwise offer to
840 render any attest service, as defined herein. This restriction



841 does not prohibit any act of a public official or public
842 employee in the performance of that ~~person's~~individual's
843 duties as such; or prohibit the performance by any
844 ~~person~~individual of other services involving the use of
845 accounting skills, including the preparation of tax returns,
846 management advisory services, and the preparation of financial
847 statements without the issuance of reports thereon. This
848 restriction also does not apply to nonlicensees, who may
849 prepare financial statements and issue reports thereon which
850 do not purport to be in compliance with the Statements on
851 Standards for Accounting and Review Services (SSARS).

852 (10) Licensees and individuals who have practice
853 privileges under Section 34-1-7 performing attest or
854 compilation services must provide those services in accordance
855 with professional standards.

856 (11) Nonlicensees may not use language in any statement
857 relating to the affairs of ~~a person~~an individual or entity
858 which is conventionally used by licensees in reports on
859 financial statements or on any attest service as defined in
860 Section 34-1-2. In this regard, the board shall issue, by
861 rule, safe harbor language nonlicensees may use in connection
862 with such financial information. Notwithstanding the
863 foregoing, nonlicensees may use the following disclaimer
864 language in connection with financial statements to not be in
865 violation of this chapter:

866 "I (We) have prepared the accompanying (financial
867 statements) of (name of entity) as of (time period) for the
868 (period) then ended. This presentation is limited to preparing



869 in the form of financial statements information that is the
870 representation of management (owners)."

871 "I (We) have not audited or reviewed the accompanying
872 financial statements and accordingly do not express an opinion
873 or any other form of assurance on them."

874 (12) No holder of a certificate issued under Section
875 34-1-4 or a registration issued under Section 34-1-8, except a
876 person an individual practicing pursuant to Section 34-1-7,
877 shall perform attest services in any firm that does not hold a
878 valid permit to practice issued under Section 34-1-11.

879 (13) No individual licensee shall issue a report in
880 standard form upon a compilation of financial information
881 through any form of business that does not hold a valid permit
882 issued under Section 34-1-11 unless the report discloses the
883 name of the business through which the individual is issuing
884 the report, and the individual:

885 a. Signs the compilation report identifying the
886 individual as a certified public accountant or public
887 accountant; and

888 b. Undergoes no less frequently than once every three
889 years, a peer review conducted in such manner as the board
890 shall by rule specify.

891 (14) Nothing herein in this section shall prohibit a
892 practicing attorney or firm of attorneys from preparing or
893 presenting records or documents customarily prepared by an
894 attorney or firm of attorneys in connection with the
895 attorney's professional work in the practice of law."

896 Section 3. This act shall become effective on October



HB59 Enrolled

897 1, 2026.



HB59 Enrolled

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905 Speaker of the House of Representatives

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910 President and Presiding Officer of the Senate

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913 House of Representatives

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915 I hereby certify that the within Act originated in and
916 was passed by the House 20-Jan-26.

917

918 John Treadwell
919 Clerk

920

921

922

923

924

925 Senate

22-Jan-26

Passed

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