HB59

ARLMGQS-1

By Representative Underwood

RFD: Boards, Agencies and Commissions

First Read: 13-Jan-26

PFD: 13-Nov-25

SYNOPSIS:

Under existing law, the Alabama State Board of Public Accountancy must distribute, by United States mail, copies of proposed board rules to board permitted certified public accountants (CPAs) and notice of charges issued by the board against individuals.

This bill would authorize the board to distribute these items by electronic mail.

Existing law explicitly provides educational prerequisites to certification as a CPA practicing public accounting in this state.

This bill would remove these statutory prerequisites and authorize the board to adopt rules to establish educational prerequisites to these actions.

This bill would remove certain subjects required to be included in the uniform CPA examination.

This bill would establish requirements of nonlicensed owners of CPA firms.

Under existing law, an individual who has declared his or her intent to become a United States citizen, after satisfying other requirements, may be permitted to practice public accountancy in this state.

This bill would remove these individuals from eligibility to be permitted.

Under existing law, a firm may not use the title, designation, words, letters, signs, abbreviations, cards or other devices to indicate that it is a CPA firm unless it is registered as a CPA firm.

This bill would prohibit a firm from using other advertising means to indicate the firm is a CPA firm unless it is registered as a CPA firm.

This bill would also make nonsubstantive, technical revisions to update the existing code language to current style.

A BILL

TO BE ENTITLED

AN ACT

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 <u>following</u> meanings ~~respectively ascribed in this section~~:

(1) AICPA. The American Institute of Certified Public Accountants.

(2) ATTEST. Providing the following services:

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

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

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

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

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

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

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

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

~~(5)~~(6) FIRM. A sole proprietorship, partnership, professional corporation, professional association, limited liability company, limited liability partnership, or any other form of business entity now or hereafter recognized by Alabama law.

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

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

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

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

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

~~(11)~~ (12) REPORT. a. When used in reference to any attest or compilation service, an opinion, report, or other form of language that states or implies assurance as to the reliability of the attested information or compiled financial statements and that also includes or is accompanied by any statement or implication that the person or firm issuing it has special knowledge or competence in accounting or auditing. Such a statement or implication of special knowledge or competence may arise from use by the insurer or the report of names or titles indicating that the person or firm is an accountant or auditor or from the language of the report itself.

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

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

"§34-1-3

(a) There is created ~~a board of public accountancy in and for the State of Alabama, to be known as~~ the Alabama State Board of Public Accountancy. The board shall consist of seven members appointed by the Governor and confirmed by the Senate. Members of the board shall be citizens of the United States and residents of the state. The membership of the board shall be inclusive and reflect the racial, gender, geographic, urban~~/rural~~, rural, and economic diversity of the state. ~~Commencing October 1, 2019, six~~Six members of the ~~Alabama State Board of Public Accountancy~~board shall be certified public accountants in good standing with the board and one member of the board shall be a public member who is not under the jurisdiction of the board~~,~~ but ~~shall~~ at the time of his or her appointment shall be an active and reputable member of the Alabama business community who possesses a knowledge and understanding of financial transactions and financial statements. ~~The persons~~These individuals and their successors shall constitute the ~~Board of Public Accountancy~~board and shall have and exercise all the powers and authority vested by law in the board.

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

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

(d) No ~~person~~individual who has served two successive complete terms on the board ~~shall be eligible for reappointment~~may be reappointed until after the lapse of one year. An appointment to fill an unexpired term shall not be considered a complete term. Vacancies occurring during a term shall be filled by appointment for the unexpired term. Upon the expiration of his or her term of office, a member shall continue to serve until his or her successor is appointed and confirmed by the Senate. Within 15 days ~~after their~~of confirmation by the Senate, the members of the board shall take an oath before any ~~person~~individual lawfully authorized to administer oaths in this state to faithfully and impartially perform their duties as members of the board, ~~and the same~~which shall be filed with the Secretary of State. The Governor shall remove from the board any accountant-member whose permit to practice has become void~~,~~ or has been revoked~~,~~ or suspended, or~~ may~~, after a hearing, may remove any member of the board for neglect of duty or just cause.

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

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

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

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

(i) The board shall keep records of its proceedings and of any proceeding in court, civil or criminal, arising out of or founded upon this chapter. Copies of the records certified as correct under the seal of the board shall be admissible in evidence to prove the content of the records.

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

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

(l) The board may adopt and amend rules of professional conduct appropriate to establish and maintain a high standard of integrity in the profession of public accountancy. ~~At least~~Not less than 60 days prior to the adoption of any rule or amendment, the board shall distribute by United States mail or electronic mail copies of the proposed rule or amendment to each holder of a permit issued under Section 34-1-11, with a notice advising him or her of the proposed effective date of the rule or amendment and requesting that he or she submit comments ~~thereon at least~~not less than 15 days prior to the effective date~~;~~. ~~the~~The comments shall be advisory only. Failure to receive ~~by mail~~ the rule, amendment, or notice by all permit holders shall not affect the validity of any rule or amendment.

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

(n)(1) Any records, information, or writings obtained or kept by the ~~Board of Public Accountancy~~board in connection with a peer review program ~~which~~that the board is authorized to establish by rule~~,~~ or obtained or kept by the board in connection with a disciplinary investigation shall be held in confidence. If, pursuant to a disciplinary investigation, probable cause for a hearing is found by the board, records, information, or writings upon which the finding is based shall be available to the licensee under investigation. Records, information, and writings held in confidence ~~shall~~may not be disclosed to any person except to the extent necessary to carry out the purposes of the peer review program, the investigation, or this chapter; pursuant to a court order for the production of evidence or the discovery thereof; or pursuant to litigation involving the B~~oard of Public Accountancy~~board wherein the records, information, or writings are relevant to the issue in litigation.

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

"§34-1-4

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

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

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

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

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

~~a. A person shall have earned a college degree from a four-year college or university accredited by a regional accreditation board such as the Southern Association of Colleges and Universities, with a concentration in accounting or what the board determines to be substantially the equivalent of a concentration in accounting. Persons who, on May 16, 1989, have previously taken the uniform written CPA examination shall be considered to meet these qualifications.~~

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

(5)a. ~~Who has~~Has successfully passed ~~a~~the uniform CPA examination, administered by the board or its designee~~, in~~

~~accounting and auditing and in any other related subjects as the board deems necessary, including, but not limited to, business law and taxation, to maintain the highest standard of proficiency in the profession of public accounting~~.

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

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

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

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

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

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

a. Pays the application fee provided in ~~subsection (c)~~subdivision (2).

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

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

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

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

"§34-1-6

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

(1) At least 51 percent of the ownership of the firm, in terms of financial interests and voting rights of all partners, officers, shareholders, members, or managers, belongs to holders of a certificate who are licensed in some state, and such partners, officers, shareholders, members, or managers, whose principal place of business is in this state, and who perform professional services in this state hold a valid certificate issued under Section 34-1-4. Although firms may include nonlicensee owners, the firm and its ownership ~~must~~shall comply with rules ~~promulgated~~adopted by the board.

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

(3) Each resident manager in charge of an office of a firm in this state whose main office is outside this state shall be a certified public accountant of this state in good

standing except as provided in subdivision (4)~~ of this subsection~~.

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

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

a. ~~The firm designates~~Designates a licensee of this state who is responsible for the proper registration of the firm and identifies that individual to the board.

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

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

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

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

(6) Firms ~~which~~that fall out of compliance with this

section due to changes in firm ownership or personnel, after receiving or renewing a permit, shall take corrective action to bring the firm back into compliance as quickly as possible. The board may grant a reasonable period of time to take such corrective action. Failure to bring the firm back into compliance within a reasonable period of time as defined by the board ~~will~~shall result in the suspension or revocation of the firm permit.

(b) Application for registration shall be made upon the affidavit of an owner of the firm who is a certified public accountant of this state in good standing. The board shall in each case determine whether the firm is eligible for registration. A firm ~~which~~that is registered and ~~which~~that holds a permit issued under Section 34-1-11 may use the words "certified public accountants" or the abbreviation "CPAs" in connection with the name of the firm. ~~Notification shall be given the board, within~~A registered firm shall notify the board not more than one month~~,~~ after the admission~~ to~~ or withdrawal of an owner~~ from any firm registered~~."

"§34-1-7

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

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

(1) The personal and subject matter jurisdiction and disciplinary authority of the board and the courts of Alabama.

(2) Compliance with this chapter and any rules ~~promulgated~~adopted by the board.

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

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

the ~~person~~individual."

"§34-1-11

(a)(1) ~~Permits~~A permit to engage in the practice of public accounting in this state shall be issued by the board to a ~~holder of a certificate of~~ certified public accountant ~~issued~~ under Section 34-1-4 and to ~~a person~~an individual registered under Section 34-1-8 who furnishes satisfactory evidence ~~satisfactory~~ to the board of compliance with the requirements of subsection (c) and who: ~~(1)~~(i) is a citizen of the United States or, if not a citizen of the United States, ~~a person~~an individual who is legally present in the United States with appropriate documentation from the federal government~~, or has declared his or her intent to become a citizen; and (2)~~; (ii) has attained ~~the age of~~ 19 years of age; ~~and (3)~~(iii) is of good moral character; and ~~(4)~~(iv) meets the experience requirements set forth ~~in subsection (e)~~by rule of the board. Permits to engage in ~~the practice of~~ public accounting in this state also shall be issued by the board to ~~persons~~individuals or firms under Sections 34-1-5, 34-1-6, and 34-1-9, if all offices of those certificate holders or registrants are maintained and registered as required under Section 34-1-10.

(2) There shall be an annual permit fee for each certificate holder under Section 34-1-4, each registrant under Section 34-1-8, and each firm in an amount to be determined by the board. All permits shall expire on September 30 of each year and may be renewed annually for a period of one year. The application for renewal and annual renewal fee shall be filed

with ~~this~~the board no later than December 31 following the expiration date. The board may also charge a late renewal penalty on or after January 1 following the expiration date in an amount set by the board which is graduated depending on the length of time the renewal is delinquent.

~~(2)~~(3) The board, by rule, shall require as a condition for renewal of a permit ~~under this section, by~~that any permit holder who performs compilation services for the public other than through a CPA or PA firm~~, that the individual~~ undergo, ~~no~~not more frequently than once every three years, a peer review~~ conducted in such manner as the board shall by rule 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~~.

(2) If, upon receipt of the notification, the board determines that the certified public accountant or public accountant is not engaged in public accounting, the certified public accountant or public accountant ~~shall be permitted to~~may retain his or her initial registration or certificate by paying an annual registration fee in an amount ~~as~~determined by

the board~~ shall, from time to time, determine~~. Certified public accountants or public accountants granted inactive status or retired status ~~by the board ~~shall place the word "inactive" or "retired," respectively, adjacent to their CPA title or PA title on any business card, letterhead, or any other document or device, with the exception of their CPA certificate or PA registration, on which their CPA or PA title appears. If a certified public accountant or public accountant who has elected inactive status or retired status wishes to reenter the active practice of public accountancy, he or she shall make application to the board for an annual permit to practice. The board, ~~in its rules and regulations~~by rule, shall specify the number of hours of continuing education the applicant shall ~~obtain~~satisfy before he or she regains active status to ensure ~~his or her ~~competency to practice public accounting.

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

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

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

(3) ~~shall take~~Take into account the accessibility by applicants to the continuing education required and any impediments to interstate practice of public accountancy which result from the difference in the requirements in other states; and

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

(d) ~~In the event~~If a certified public accountant or public accountant fails to apply for an annual permit to practice or to be placed on the board's inactive roll within: ~~(1)~~(i) ~~Six~~six months from the expiration date of the permit to practice last obtained or renewed pursuant to subsection (a); ~~(2)~~(ii) six months from the expiration date of the last annual renewal of his or her certificate pursuant to subsection (b); or ~~(3)~~(iii) six months from the date upon which the certificate holder or registrant was granted his or her certificate or registration, if no permit was ever issued to him or her under subsection (a) or his or her name was never placed on the board's inactive roll under subsection (b), the certified public accountant or public accountant may not apply for a permit or inactive status, and the failure to apply shall constitute grounds for revocation or suspension of the holder's certificate~~,~~ unless the board determines the failure to have been due to reasonable cause. In that case, the board may impose a reinstatement fee not to exceed one hundred dollars ($100)~~,~~ plus the total annual registration fees and late renewal penalties ~~which~~that the certified public accountant or public accountant would have paid under this chapter during the period when neither a permit nor inactive status was maintained. The board may also charge an inactive status penalty in an amount set by the board which is graduated for the time of the inactivity.

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

"§34-1-14

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

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

(c) ~~Failure to appear.~~ If, after having been served with ~~the~~a notice of hearing ~~as provided for herein~~, the accused fails to appear at ~~said~~the hearing and defend, the board may proceed to hear evidence against him or her and may enter ~~such~~an order as ~~shall~~may be justified by the evidence~~,~~ ~~which~~. The order shall be final unless ~~he or she~~the accused petitions for a review ~~thereof as provided herein~~of the order; provided, that ~~within~~not more than 30 days from the date of any order, upon a showing of good cause for failing to appear and defend, the board may reopen the proceedings and ~~may~~ permit the accused to submit evidence in his or her behalf.

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

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

(1) In all matters pending before it, the board ~~shall have the power to~~may issue subpoenas and compel the attendance of witnesses and the production of all necessary papers, books and records, documentary evidence and materials, or other evidence. Any ~~person~~individual failing or refusing to appear or testify regarding any matter about which he or she may be lawfully questioned or to produce any papers, books, records, documentary evidence, or materials or other evidence in the matter to be heard, after having been required by order ~~of the board~~ or ~~by~~ subpoena of the board to do so, ~~may,~~ upon application by the board to any circuit judge of the State of Alabama, may be ordered to comply ~~therewith, and upon failure to comply~~ with the order. Upon the failure to comply with the order of the circuit judge, the court may compel obedience by attachment as for contempt, as in the case of disobedience of a similar order or subpoena issued by the court. The ~~chairman~~chair and the secretary of the board ~~shall have the authority to~~may issue subpoenas, and any board member ~~shall have authority to~~may administer oaths to witnesses or ~~to~~ take ~~their~~his or her affirmation. A subpoena or other process or paper may be served upon any ~~person~~individual named therein, anywhere within the State of Alabama, with the same fees and mileage, by any officer authorized to serve subpoenas or ~~such~~ other process or paper in civil actions, in the same manner as is prescribed by law for subpoenas issued out of the circuit courts of this state, the fees and mileage and other costs including witness fees and mileage to be paid as the board directs.

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

(3) The circuit court~~ shall~~, upon request of any interested party in any proceedings before the board, shall issue commissions for the taking of depositions in the same manner as is provided by law for the issuance of commissions for the taking of depositions in matters pending before the circuit courts of this state.

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

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

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

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

(j) ~~Review by court.~~

(1) Anyone adversely affected by any order of the board may obtain a review ~~thereof~~of the order by filing a written petition for review with the Circuit Court of Montgomery County within 30 days after the entry of the order. The petition shall contain or have attached ~~thereto~~to the petition a true copy of the order complained of ~~and shall~~, state the grounds upon which the review is asked, and ~~shall pray~~request that the order of the board be modified or set aside in whole or in part. A copy of ~~such~~the petition shall be ~~forthwith~~ served upon any member of the board, and ~~thereupon~~ the board shall certify and file in the court a copy of its order and a complete transcript of the record upon which the order complained of was entered. The case shall then be tried and heard on the record made before the board~~,~~ without the introduction of new or additional evidence, but the parties shall be permitted to file briefs. The court may affirm, modify, or set aside the board's order in whole or in part, or may remand the case to the board for further evidence, and may~~, in its discretion,~~ stay the effect of the board's order pending its determination of the case. The court's decision shall have the force and effect of a judgment.

(2) From the judgment of the circuit court, either the board or the affected party who invoked the review may appeal directly to the Supreme Court of Alabama by taking ~~such~~the appeal ~~within~~not more than 42 days after the date of the making ~~of~~ and entering of ~~its judgment by~~ the circuit

~~court~~court's judgment. The ~~affected~~appealing party ~~so appealing~~ shall give security for the costs of ~~such~~the appeal to be approved by the register or clerk of the circuit court. No ~~such~~ security shall be required of the board."

"§34-1-16

No ~~person~~individual shall assume or use the title or designation "certified public accountant," the abbreviation "CPA" or any other title, designation, words, letters, abbreviation, sign, card, or device tending to indicate that the ~~person~~individual is a certified public accountant, unless the ~~person~~individual has received a certificate as a certified public accountant under Section 34-1-4 and, if in public practice, holds a permit issued under Section 34-1-11, which is not revoked or suspended, hereinafter referred to as a live permit, and all of the offices of the ~~person~~individual in this state for the practice of public accounting are maintained and registered as required under Section 34-1-10, or the ~~person~~individual is practicing pursuant to Section 34-1-7; provided, however:

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

(2) No firm with an office in this state shall provide attest services or assume or use the title or designation "certified public accountants" or the abbreviation "CPAs" or

any other ~~title, designation,~~ words, letters, signs, ~~abbreviation, card~~cards, or ~~device tending to~~other advertising means that indicate that the firm is ~~composed of~~a certified public ~~accountants~~accounting firm, unless the firm is registered as a firm of certified public accountants under Section 34-1-6, holds a live permit issued under Section 34-1-11, and all of the offices of the firm in this state for the practice of public accounting are maintained and registered as required under Section 34-1-10, and ownership of the firm is in accord with this chapter and rules ~~promulgated~~adopted by the board~~.~~;

(3) No ~~person~~individual shall assume or use the title or designation "public accountant," the abbreviation thereof, or any other title, designation, words, letters, abbreviation, sign, card, or device tending to indicate that the ~~person~~individual is a public accountant, unless the ~~person~~individual is registered as a public accountant under Section 34-1-8, holds a live permit issued under Section 34-1-11, and all of the offices of the ~~person~~individual in this state for the practice of public accounting are maintained and registered as required under Section 34-1-10 or unless the ~~person~~individual has received a certificate as a certified public accountant under Section 34-1-4, holds a live permit issued under Section 34-1-11, and all of the offices of the ~~person~~individual in this state for the practice of public accounting are maintained and registered as required under Section 34-1-10~~.~~;

(4) No firm shall provide attest services or assume or

use the title or designation "public accountant" or any other title, designation, words, letters, abbreviation, sign, card, or device tending to indicate that the firm is composed of public accountants, unless the firm is registered as a firm of public accountants under Section 34-1-9, or as a firm of certified public accountants under Section 34-1-5, holds a live permit issued under Section 34-1-11, and all of the offices of the firm in this state for the practice of public accounting are maintained and registered as required under Section 34-1-10~~.~~;

(5) No ~~person~~individual or firm shall assume or use the title or designation "accredited accountant," "certified accountant," "chartered accountant," "enrolled accountant," "licensed accountant," "registered accountant," or any other title or designation likely to be confused with "certified public accountant" or "public accountant," or any of the abbreviations "AA," "CA," "LA," "RA," or similar abbreviations likely to be confused with "CPA" or "PA." The title "enrolled agent" or "EA" may be used by only individuals so designated by the Internal Revenue Service. Notwithstanding the foregoing, any ~~person~~individual who holds a live permit issued under Section 34-1-11, and all of whose offices in this state for the practice of public accounting are maintained and registered as required under Section 34-1-10, or who is practicing pursuant to Section 34-1-7, may hold himself or herself out to the public as an "accountant" or "auditor." A foreign accountant registered under Section 34-1-5 who holds a live permit issued under Section 34-1-11 and all of whose

offices in this state for the practice of public accounting are maintained and registered as required under Section 34-1-10 may use the title under which he or she is generally known in his or her country, followed by the name of the country from which he or she received the certificate, license, or degree~~.~~;

(6) No ~~person~~individual shall sign or affix his or her name or any trade or assumed name used in the ~~person's~~individual's profession or business, with any wording indicating that he or she has expert knowledge in accounting or auditing, to any opinion, report, or certificate attesting in any way to the reliability of any representation or estimate in regard to any person or organization embracing financial or attested information or facts respecting compliance with conditions established by law or contract, including but not limited to statutes, ordinances, regulations, grants, loans, and appropriations, unless he or she holds a live permit issued under Section 34-1-11, and all of the offices in this state for the practice of public accounting are maintained and registered under Section 34-1-10, or unless the ~~person~~individual is practicing pursuant to Section 34-1-7. Notwithstanding the foregoing, this subdivision shall not prohibit any officer, employee, partner, or principal of any organization from affixing his or her signature to any statement or report in reference to the financial affairs of the organization with any wording designating the position, title, or office ~~which~~that he or she holds in the organization, nor shall this subdivision prohibit

any act of a public official or public employee in the performance of ~~their~~his or her duties~~.~~; and

(7) No ~~person~~individual shall sign or affix the name of the firm~~,~~ with any wording indicating that it is a firm composed of accountants or auditors or ~~persons~~individuals having expert knowledge in accounting or auditing, to any opinion, report, or certificate attesting in any way to the reliability of any representation or estimate in regard to any person or organization embracing financial or attested information or facts respecting compliance with conditions established by law or contract, including, but not limited to, statutes, ordinances, regulations, grants, loans, and appropriations, unless the firm holds a live permit issued under Section 34-1-11, and all of its offices in this state for the practice of public accounting are maintained and registered as required under Section 34-1-10, or the ~~person~~individual is practicing pursuant to Section 34-1-7.

(8) No ~~person~~individual shall assume or use the title or designation "certified public accountant" or "public accountant" in conjunction with names indicating or implying that there is a firm, in conjunction with the designation "and company" and "and co." or a similar designation if there is in fact no bona fide firm registered under Section 34-1-6 or Section 34-1-9, unless the ~~person~~individual is practicing pursuant to Section 34-1-7. No ~~person~~individual holding a certificate or registration or firm holding a permit under this chapter or ~~person~~individual practicing pursuant to Section 34-1-7 shall use a professional or firm name or

designation that is misleading about the legal form of the firm, or about the ~~persons~~individuals who are partners, officers, members, managers, or shareholders of the firm, or about any other matter. This section shall not prevent a firm or its successors from continuing to practice under a firm name which consists of or includes the name or names of one or more former owners.

(9) Only licensees holding a valid permit to practice or practicing pursuant to Section 34-1-7 may issue a report on financial statements of any other ~~person~~individual, firm, organization, or governmental unit or otherwise offer to render any attest service, as defined herein. This restriction does not prohibit any act of a public official or public employee in the performance of that ~~person's~~individual's duties as such; or prohibit the performance by any ~~person~~individual of other services involving the use of accounting skills, including the preparation of tax returns, management advisory services, and the preparation of financial statements without the issuance of reports thereon. This restriction also does not apply to nonlicensees, who may prepare financial statements and issue reports thereon which do not purport to be in compliance with the Statements on Standards for Accounting and Review Services (SSARS).

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

(11) Nonlicensees may not use language in any statement

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

"I (We) have prepared the accompanying (financial statements) of (name of entity) as of (time period) for the (period) then ended. This presentation is limited to preparing in the form of financial statements information that is the representation of management (owners)."

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

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

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

a. Signs the compilation report identifying the individual as a certified public accountant or public accountant~~.~~; and

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

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

Section 3. This act shall become effective on October 1, 2026.