

Second Regular Session
Sixty-seventh General Assembly
STATE OF COLORADO

REENGROSSED

*This Version Includes All Amendments
Adopted in the House of Introduction*

LLS NO. 10-0348.01 Jery Payne

HOUSE BILL 10-1236

HOUSE SPONSORSHIP

Kerr A.,

SENATE SPONSORSHIP

Tochtrop,

House Committees

Business Affairs and Labor

Senate Committees

A BILL FOR AN ACT

101 **CONCERNING THE CONTINUATION OF THE REGULATION OF CERTIFIED**
102 **PUBLIC ACCOUNTANTS BY THE STATE BOARD OF ACCOUNTANCY.**

Bill Summary

(Note: This summary applies to this bill as introduced and does not reflect any amendments that may be subsequently adopted. If this bill passes third reading in the house of introduction, a bill summary that applies to the reengrossed version of this bill will be available at <http://www.leg.state.co.us/billsummaries>.)

Sunset Process - House Business Affairs and Labor Committee. The bill implements the recommendations of the department of regulatory agencies in its sunset review of the functions of the state board of accountancy, which include the following recommendations:

! **Sections 1 through 3:** *Recommendation 1* continues the

Shading denotes HOUSE amendment. Double underlining denotes SENATE amendment.

Capital letters indicate new material to be added to existing statute.

Dashes through the words indicate deletions from existing statute.

HOUSE
3rd Reading Unamended
March 1, 2010

HOUSE
Amended 2nd Reading
February 26, 2010

state board of accountancy and the regulation of certified public accountants and firms until 2019.

! **Sections 4 through 6:** *Recommendation 2* requires 150 hours of education for a certified public accountant (CPA) to be licensed after June 30, 2015. Current law allows a CPA candidate to substitute additional education for a year of experience working for a CPA. *Recommendation 3* repeals the additional education allowance in lieu of experience pathway to obtain a license. *Recommendation 4* expands the scope of acceptable experience required for licensure as a CPA. *Recommendation 11* clarifies that a candidate for licensure must pass the uniform CPA examination, in addition to other requirements.

! **Section 7:** *Recommendation 5* clarifies that any disciplinary action taken by another state, foreign, or federal agency may serve as grounds for discipline by the state board of accountancy (board). *Recommendation 6* clarifies that disciplinary actions taken by the public company accounting oversight board may serve as grounds for discipline by the board. *Recommendation 9* repeals the board's authority to issue a censure.

! **Section 8:** *Recommendation 7* expands the board's disciplinary authority over registered firms to include the denial of or refusal to renew a registration, a fine, a letter of admonition, or placing the registrant on probation.

! **Section 9:** *Recommendation 8* increases the board's fining authority from \$1,000 to \$5,000 against licensed CPAs and adds the authority to fine registrants up to \$10,000.

! **Sections 10 through 13:** *Recommendation 10* clarifies the requirements to use the titles "certified public accountant", "C.P.A.", "certified public accountants", or "C.P.A.s" in its name. It also specifies additional title protection requirements.

1 *Be it enacted by the General Assembly of the State of Colorado:*

2 **SECTION 1. Repeal.** 24-34-104 (41) (p), Colorado Revised
3 Statutes, is repealed as follows:

4 **24-34-104. General assembly review of regulatory agencies**
5 **and functions for termination, continuation, or reestablishment.**

6 (41) The following agencies, functions, or both, shall terminate on July

1 1, 2010:

2 (p) ~~The state board of accountancy, created by article 2 of title 12,~~
3 ~~C.R.S.;~~

4 **SECTION 2.** 24-34-104 (50), Colorado Revised Statutes, is
5 amended BY THE ADDITION OF A NEW PARAGRAPH to read:

6 **24-34-104. General assembly review of regulatory agencies**
7 **and functions for termination, continuation, or reestablishment.**

8 (50) The following agencies, functions, or both, shall terminate on July
9 1, 2019:

10 (e) THE STATE BOARD OF ACCOUNTANCY, CREATED BY ARTICLE 2
11 OF TITLE 12, C.R.S.

12 **SECTION 3.** 12-2-132 (1), Colorado Revised Statutes, is
13 amended to read:

14 **12-2-132. Repeal of article.** (1) This article is repealed, effective
15 July 1, 2019.

16 **SECTION 4.** 12-2-108 (1), Colorado Revised Statutes, is
17 REPEALED AND REENACTED, WITH AMENDMENTS, to read:

18 **12-2-108. Certificate of certified public accountant - issuance**
19 **- renewal - reinstatement - rules.** (1) THE BOARD SHALL GRANT A
20 CERTIFICATE OF CERTIFIED PUBLIC ACCOUNTANT TO ANY APPLICANT WHO:

21 (a) MEETS THE REQUIREMENTS OF SECTION 12-2-113;

22 (b) SATISFIES THE BOARD OF THE APPLICANT'S CONTINUED
23 COMPETENCE; OR

24 (c) (I) PASSES A WRITTEN EXAMINATION PURSUANT TO SECTION
25 12-2-111; AND

26 (II) MEETS THE REQUIREMENTS OF SECTION 12-2-109;

27 **SECTION 5.** The introductory portion to 12-2-109 (1) (a) and

1 12-2-109 (1) (a) (II), (1) (b), and (1) (c), Colorado Revised Statutes, are
2 amended, and the said 12-2-109 is further amended BY THE ADDITION
3 OF THE FOLLOWING NEW SUBSECTIONS, to read:

4 **12-2-109. Educational and experience requirements - rules -**
5 **repeal.** (1) Any person who has qualified under the provisions of section
6 12-2-108 shall be granted a certificate of certified public accountant:

7 (a) If ~~he~~ THE PERSON:

8 (II) Has one year's experience ~~doing public accounting work as an~~
9 ~~employee of a certified public accountant or what the board determines~~
10 ~~to be the equivalent~~ THAT:

11 (b) If ~~he~~ THE PERSON has successfully completed a course of study
12 concerning the subject of professional ethics, approved by the board, and
13 passed a written examination concerning such subject prepared and given
14 by educational institutions or professional organizations deemed qualified
15 by the board to administer such examination;

16 (c) If ~~he~~ THE PERSON has a baccalaureate or higher degree
17 conferred by an accredited college or university with an accounting
18 program approved by the board and has a concentration in accounting,
19 plus, when the baccalaureate is the highest degree held, not less than
20 thirty semester hours' additional study, the total educational program to
21 include an accounting concentration or its equivalent and such related
22 subjects as the board determines to be appropriate.

23 (A) MEETS THE REQUIREMENTS SET BY THE BOARD BY RULE;

24 (B) IS IN ANY TYPE OF SERVICE OR ADVICE INVOLVING THE USE OF
25 ACCOUNTING, ATTEST, COMPILATION, MANAGEMENT ADVISORY,
26 FINANCIAL ADVISORY, TAX, OR CONSULTING SKILLS, WHICH MAY BE
27 GAINED THROUGH EMPLOYMENT IN GOVERNMENT, INDUSTRY, ACADEMIA,

1 OR PUBLIC PRACTICE; AND

2 (C) IS VERIFIED BY AN ACTIVELY LICENSED CERTIFIED PUBLIC
3 ACCOUNTANT;

4 (2) ON AND AFTER JULY 1, 2015, A PERSON MEETS THE
5 EDUCATIONAL REQUIREMENTS NECESSARY TO BE ISSUED A CERTIFICATE
6 OF CERTIFIED PUBLIC ACCOUNTANT IF THE APPLICANT:

7 (a) (I) HAS A BACCALAUREATE OR HIGHER DEGREE CONFERRED BY
8 AN ACCREDITED COLLEGE OR UNIVERSITY WITH AN ACCOUNTING PROGRAM
9 APPROVED BY THE BOARD OR HAS A BACCALAUREATE WITH A
10 NONACCOUNTING CONCENTRATION SUPPLEMENTED BY WHAT THE BOARD
11 DETERMINES TO BE THE EQUIVALENT OF AN ACCOUNTING
12 CONCENTRATION, INCLUDING RELATED COURSES IN OTHER AREAS OF
13 BUSINESS ADMINISTRATION; AND

14 (II) HAS COMPLETED AT LEAST ONE HUNDRED FIFTY SEMESTER
15 HOURS OF COLLEGE EDUCATION;

16 (b) HAS SUCCESSFULLY COMPLETED A COURSE OF STUDY
17 CONCERNING THE SUBJECT OF PROFESSIONAL ETHICS APPROVED BY THE
18 BOARD AND PASSED A WRITTEN EXAMINATION CONCERNING SUCH SUBJECT
19 PREPARED AND GIVEN BY EDUCATIONAL INSTITUTIONS OR PROFESSIONAL
20 ORGANIZATIONS DEEMED QUALIFIED BY THE BOARD TO ADMINISTER THE
21 EXAMINATION; AND

22 (c) HAS ONE YEAR'S EXPERIENCE THAT:

23 (I) MEETS THE REQUIREMENTS SET BY THE BOARD BY RULE;

24 (II) IS IN ANY TYPE OF SERVICE OR ADVICE INVOLVING THE USE OF
25 ACCOUNTING, ATTEST, COMPILATION, MANAGEMENT ADVISORY,
26 FINANCIAL ADVISORY, TAX, OR CONSULTING SKILLS, WHICH MAY BE
27 GAINED THROUGH EMPLOYMENT IN GOVERNMENT, INDUSTRY, ACADEMIA,

1 OR PUBLIC PRACTICE; AND

2 (III) IS VERIFIED BY AN ACTIVELY LICENSED CERTIFIED PUBLIC
3 ACCOUNTANT WHO MEETS THE REQUIREMENTS SET BY THE BOARD BY
4 RULE.

5 (3) SUBSECTION (1) OF THIS SECTION AND THIS SUBSECTION (3)
6 ARE REPEALED, EFFECTIVE JULY 1, 2015.

7 **SECTION 6.** 12-2-111 (1), (4), and (6), Colorado Revised
8 Statutes, are amended to read:

9 **12-2-111. Examinations - reexaminations - rules.**

10 ~~(1) Examinations provided for in this section shall be held by the board.~~
11 ~~Examinations shall be given no less than twice a year at times and~~
12 ~~locations set by the board.~~ THE BOARD SHALL PROVIDE LICENSURE
13 EXAMINATIONS AS OFTEN AS NECESSARY TO PROVIDE CANDIDATES A
14 REASONABLE OPPORTUNITY TO TAKE THE EXAMINATION. Examinations
15 shall adequately test a candidate's knowledge of accounting, auditing, and
16 any other related subject the board deems relevant and necessary. Any
17 additional examination subject shall be designated by the board by rule.
18 The board shall set the passing score for an examination at a level to
19 adequately reflect the minimum level of competency necessary for the
20 practice of accountancy.

21 (4) A candidate for a certificate of certified public accountant who
22 meets the EDUCATIONAL requirements of section 12-2-109 (1) (a) (f) or
23 ~~(1) (e)~~ SET BY THE BOARD BY RULE is entitled to TAKE AN examination.
24 ~~A candidate who will graduate from an accredited college or university~~
25 ~~within sixty days after the date of an examination and who will meet the~~
26 ~~educational requirements upon graduation is entitled to examination.~~

27 (6) If a candidate fails an examination or fails to pass in all

1 subjects as provided in subsection (5) of this section, the board may
2 require ~~him~~ THE CANDIDATE to take additional study before taking another
3 examination. [REDACTED]

4 **SECTION 7.** The introductory portion to 12-2-123 (1) and
5 12-2-123 (1) (g) and (1) (h), Colorado Revised Statutes, are amended to
6 read:

7 **12-2-123. Grounds for disciplinary action - administrative**
8 **penalties.** (1) After notice and hearing as provided in section 12-2-125,
9 the board may deny the issuance of, refuse to renew, revoke, or suspend
10 any certificate of a certified public accountant issued under this article or
11 any prior law of this state or may fine, ~~censure~~, issue a letter of
12 admonition to, or place on probation the holder of any certificate and
13 impose other conditions or limitations for any of the following causes:

14 (g) ~~Cancellation, revocation, suspension, or refusal to renew~~
15 ~~DISCIPLINE TAKEN AGAINST THE PERSON'S~~ authority to practice as a
16 certified public accountant or a public accountant in any ~~state~~
17 ~~JURISDICTION~~;

18 (h) ~~Suspension or revocation of the~~ ~~DISCIPLINE TAKEN AGAINST~~
19 ~~THE PERSON'S~~ right to practice before any state or federal agency OR
20 AGENCY OUTSIDE THE UNITED STATES OR THE PUBLIC COMPANY
21 ACCOUNTING OVERSIGHT BOARD, CREATED BY THE FEDERAL
22 "SARBANES-OXLEY ACT OF 2002", 15 U.S.C. SEC. 7201 ET SEQ. for
23 improper conduct or willful violation of the rules or regulations of such
24 state or federal agency OR THE PUBLIC COMPANY ACCOUNTING OVERSIGHT
25 BOARD;

26 **SECTION 8.** 12-2-124 (2), Colorado Revised Statutes, is
27 amended to read:

1 **12-2-124. Revocation or suspension of partnership,**
2 **professional corporation, or limited liability company registration.**

3 (2) After notice and hearing as provided in section 12-2-125, the board
4 may DENY, revoke, ~~or~~ suspend, OR REFUSE TO RENEW the registration of
5 a partnership, professional corporation, or limited liability company OR
6 THE BOARD MAY FINE, ISSUE A CONFIDENTIAL LETTER OF CONCERN TO,
7 ISSUE A LETTER OF ADMONITION TO, OR PLACE ON PROBATION A
8 REGISTRANT for any of the causes enumerated in section 12-2-123 or for
9 the following additional causes:

10 (a) The revocation, suspension, or refusal to renew the certificate
11 of any partner, shareholder, or member;

12 (b) The cancellation, revocation, suspension, or refusal to renew
13 the authority of the partnership or any partner thereof to practice public
14 accounting in any other ~~state~~ JURISDICTION;

15 (c) The cancellation, revocation, suspension, or refusal to renew
16 the authority of the professional corporation, limited liability company,
17 or foreign corporation or limited liability company or any shareholder or
18 member thereof to practice public accounting ~~in~~ BY any other state OR
19 FEDERAL JURISDICTION , OR JURISDICTION OUTSIDE THE UNITED STATES
20 OR THE PUBLIC COMPANY ACCOUNTING OVERSIGHT BOARD, CREATED BY
21 THE FEDERAL "SARBANES-OXLEY ACT OF 2002", 15 U.S.C. SEC. 7201 ET
22 SEQ.

23 **SECTION 9.** The introductory portion to 12-2-123 (1) and
24 12-2-123 (1) (b), (1) (p), (1) (r), (3), and (5) (a), Colorado Revised
25 Statutes, ~~are~~ amended to read:

26 **12-2-123. Grounds for disciplinary action - administrative**
27 **penalties.** (1) After notice and hearing as provided in section 12-2-125,

1 the board may deny the issuance of, refuse to renew, revoke, or suspend
2 any certificate of a certified public accountant issued under this article or
3 any prior law of this state or may fine, ~~censure~~, issue a letter of
4 admonition to, or place on probation the holder of any certificate and
5 impose other conditions or limitations for any of the following causes:

6 (b) Fraud or negligence in the practice of public accounting in
7 Colorado or any other state or in the filing of or failure to file ~~his~~ THE
8 CERTIFIED PUBLIC ACCOUNTANT'S own income tax returns;

9 (p) Habitual intemperance with respect to or excessive use of ~~any~~
10 A habit-forming drug, ~~any~~ controlled substance as defined in section
11 12-22-303 (7), or ~~any~~ alcoholic beverage ~~any of which renders him~~ THAT
12 RENDERS THE CERTIFIED PUBLIC ACCOUNTANT unfit to practice public
13 accounting;

14 (r) Failure of a partnership, professional corporation, or limited
15 liability company to register with the board pursuant to section 12-2-117
16 and to renew ~~such~~ THE registration ~~once every three years~~ as prescribed
17 by the board.

18 ~~(3) (a) When a complaint or investigation discloses an instance of~~
19 ~~misconduct that, in the opinion of the board, does not warrant formal~~
20 ~~action by the board but that should not be dismissed as being without~~
21 ~~merit, a letter of admonition may be issued and sent, by certified mail, to~~
22 ~~the certificate holder.~~

23 ~~(b) When a letter of admonition is sent by the board, by certified~~
24 ~~mail, to a certificate holder, such certificate holder shall be advised that~~
25 ~~he or she has the right to request in writing, within twenty days after~~
26 ~~receipt of the letter, that formal disciplinary proceedings be initiated to~~
27 ~~adjudicate the propriety of the conduct upon which the letter of~~

1 ~~admonition is based.~~

2 ~~(c) If the request for adjudication is timely made, the letter of~~
3 ~~admonition shall be deemed vacated and the matter shall be processed by~~
4 ~~means of formal disciplinary proceedings.~~

5 (5) (a) In addition to any other penalty ~~which~~ THAT may be
6 imposed pursuant to this section, any person violating ~~any provision of~~
7 this article or any rules ~~or regulations~~ promulgated pursuant to this article
8 may be fined upon a finding of misconduct by the board as follows,
9 EITHER:

10 (I) ~~In the first administrative~~ A proceeding against a certificant, a
11 fine not in excess of ~~one~~ FIVE thousand dollars PER VIOLATION; OR

12 (II) ~~In any subsequent administrative~~ A proceeding against a
13 certificant REGISTRANT, a fine not ~~less than one thousand dollars nor~~ in
14 excess of ~~two~~ TEN thousand dollars PER VIOLATION.

15 **SECTION 10.** 12-2-115, Colorado Revised Statutes, is amended
16 to read:

17 **12-2-115. Use of the title "certified public accountant".**

18 (1) (a) ~~Any~~ A person who has received from the board and holds an
19 active certificate of certified public accountant shall be styled and known
20 as a certified public accountant and may also use the abbreviation
21 "C.P.A." ~~No other person shall assume or use the title certified public~~
22 ~~accountant or the abbreviation "C.P.A." or any other word, words, letters,~~
23 ~~or figures to indicate that the person using the same is a certified public~~
24 ~~accountant, except as provided in section 12-2-115.5 or 12-2-121 (2).~~
25 ~~The terms "chartered accountant" and "certified accountant" and the~~
26 ~~abbreviation "C.A." are specifically prohibited to such other persons as~~
27 ~~being misleading to the public.~~

1 (b) A PARTNERSHIP, PROFESSIONAL CORPORATION, OR LIMITED
2 LIABILITY COMPANY OF CERTIFIED PUBLIC ACCOUNTANTS THAT IS
3 REGISTERED UNDER THIS ARTICLE MAY USE THE WORDS "CERTIFIED PUBLIC
4 ACCOUNTANTS" OR THE ABBREVIATION "C.P.A.S" IN CONNECTION WITH
5 ITS PARTNERSHIP, PROFESSIONAL CORPORATION, OR LIMITED LIABILITY
6 COMPANY NAME.

7 (2) ~~Any~~ A person authorized to use the title "certified public
8 accountant" or the abbreviation "C.P.A." shall provide to any client
9 residing in or headquartered in Colorado, during the course of an
10 engagement, an address and telephone number for the certified public
11 accountant's firm or, in the case of a sole practitioner, the address and
12 telephone number of the sole practitioner.

13 (3) (a) EXCEPT AS AUTHORIZED IN SUBSECTION (4) OF THIS
14 SECTION, A PERSON SHALL NOT ASSUME OR USE THE TITLE OR
15 DESIGNATION "CERTIFIED PUBLIC ACCOUNTANT", THE ABBREVIATION
16 "C.P.A.", OR ANY OTHER TITLE, DESIGNATION, WORDS, LETTERS,
17 ABBREVIATION, SIGN, CARD, OR DEVICE TENDING TO INDICATE THAT SUCH
18 PERSON IS A CERTIFIED PUBLIC ACCOUNTANT UNLESS THE PERSON HOLDS
19 A CERTIFICATE AS A CERTIFIED PUBLIC ACCOUNTANT ISSUED UNDER THIS
20 ARTICLE OR UNDER THE LAWS OF ANY OTHER STATE. A PERSON WHO IS
21 INACTIVE PURSUANT TO SECTION 12-2-122.5 MAY USE THE TITLE
22 "INACTIVE CERTIFIED PUBLIC ACCOUNTANT" OR "INACTIVE C.P.A."

23 (b) EXCEPT AS AUTHORIZED BY SUBSECTION (1) OR (4) OF THIS
24 SECTION, AN INDIVIDUAL, PARTNERSHIP, PROFESSIONAL CORPORATION, OR
25 LIMITED LIABILITY COMPANY SHALL NOT ASSUME OR USE ANY TITLE OR
26 DESIGNATION USING THE WORD "CERTIFIED", "REGISTERED",
27 "CHARTERED", "ENROLLED", "LICENSED", "INDEPENDENT", OR "APPROVED"

1 IN CONJUNCTION WITH THE WORD ACCOUNTANT OR AUDITOR OR ANY
2 ABBREVIATION THEREOF OR ANY TITLE, DESIGNATION, OR ABBREVIATION
3 LIKELY TO BE CONFUSED WITH "CERTIFIED PUBLIC ACCOUNTANT" OR THE
4 ABBREVIATION "C.P.A.", INCLUDING THE TERMS "CHARTERED
5 ACCOUNTANT" AND "CERTIFIED ACCOUNTANT" AND THE ABBREVIATION
6 "C.A."

7 (c) EXCEPT AS AUTHORIZED IN SUBSECTION (4) OF THIS SECTION,
8 A PARTNERSHIP, PROFESSIONAL CORPORATION, OR LIMITED LIABILITY
9 COMPANY SHALL NOT ASSUME OR USE THE TITLE OR DESIGNATION
10 "CERTIFIED PUBLIC ACCOUNTANTS", THE ABBREVIATION "C.P.A.s", OR
11 ANY OTHER TITLE, DESIGNATION, WORDS, LETTERS, ABBREVIATION, SIGN,
12 CARD, OR DEVICE TENDING TO INDICATE THAT SUCH PARTNERSHIP,
13 PROFESSIONAL CORPORATION, OR LIMITED LIABILITY COMPANY IS
14 COMPOSED OF CERTIFIED PUBLIC ACCOUNTANTS UNLESS SUCH
15 PARTNERSHIP, PROFESSIONAL CORPORATION, OR LIMITED LIABILITY
16 COMPANY IS REGISTERED AS A PARTNERSHIP, PROFESSIONAL
17 CORPORATION, OR LIMITED LIABILITY COMPANY OF CERTIFIED PUBLIC
18 ACCOUNTANTS UNDER THIS ARTICLE OR THE LAWS OF ANY OTHER STATE.

19 (4) (a) A CERTIFIED PUBLIC ACCOUNTANT FROM ANOTHER STATE
20 OR JURISDICTION OF THE UNITED STATES WHO IS PRACTICING IN THIS
21 STATE PURSUANT TO SECTION 12-2-121 MAY USE THE TITLE "CERTIFIED
22 PUBLIC ACCOUNTANT", THE ABBREVIATION "C.P.A.", OR ANY OTHER
23 TITLE, DESIGNATION, WORDS, LETTERS, ABBREVIATION, SIGN, CARD, OR
24 DEVICE TENDING TO INDICATE THAT THE PERSON IS A CERTIFIED PUBLIC
25 ACCOUNTANT.

26 (b) A FOREIGN PARTNERSHIP, CORPORATION, LIMITED
27 PARTNERSHIP, LIMITED LIABILITY LIMITED PARTNERSHIP, OR LIMITED

1 LIABILITY COMPANY THAT IS PRACTICING IN THIS STATE PURSUANT TO
2 SECTION 12-2-121 MAY USE THE TITLE OR DESIGNATION "CERTIFIED
3 PUBLIC ACCOUNTANTS", THE ABBREVIATION "C.P.A.S", OR ANY OTHER
4 TITLE, DESIGNATION, WORDS, LETTERS, ABBREVIATION, SIGN, CARD, OR
5 DEVICE TENDING TO INDICATE THAT THE PARTNERSHIP, CORPORATION, OR
6 LIMITED LIABILITY COMPANY IS COMPOSED OF CERTIFIED PUBLIC
7 ACCOUNTANTS.

8 **SECTION 11.** The introductory portion to 12-2-117 (1) and
9 12-2-117 (2) (b), Colorado Revised Statutes, are amended, and the said
10 12-2-117 is further amended BY THE ADDITION OF THE
11 FOLLOWING NEW SUBSECTIONS, to read:

12 **12-2-117. Partnerships, professional corporations, and limited**
13 **liability companies composed of certified public accountants -**
14 **registration thereof - definitions.** (1) Except as provided in section
15 12-2-121 (2), a partnership, professional corporation, or limited liability
16 company engaged in this state in the practice of public accounting as
17 certified public accountants shall register ~~once every three years~~ with the
18 board as a partnership, professional corporation, or limited liability
19 company of certified public accountants and must meet the following
20 requirements; and, as used in this article, "partnership" includes a
21 registered limited partnership, limited liability partnership, limited
22 liability limited partnership, foreign limited partnership, foreign limited
23 liability partnership, and foreign limited liability limited partnership:

24 (2) (b) The board shall in each case determine whether the
25 applicant is eligible for registration. ~~A partnership, professional~~
26 ~~corporation, or limited liability company which is so registered may use~~
27 ~~the words "certified public accountants" or the abbreviation "C.P.A.s" in~~

1 ~~connection with its partnership, professional corporation, or limited~~
2 ~~liability company name.~~

3 (2.2) EACH FIRM REGISTRATION EXPIRES PURSUANT TO A
4 SCHEDULE ESTABLISHED BY THE DIRECTOR OF THE DIVISION OF
5 REGISTRATIONS WITHIN THE DEPARTMENT OF REGULATORY AGENCIES. THE
6 REGISTRANT SHALL RENEW OR REINSTATE THE REGISTRATION TO BE
7 CERTIFIED. THE DIRECTOR OF THE DIVISION OF REGISTRATIONS WITHIN
8 THE DEPARTMENT OF REGULATORY AGENCIES MAY ESTABLISH RENEWAL
9 FEES AND DELINQUENCY FEES FOR REINSTATEMENT PURSUANT TO SECTION
10 24-34-105, C.R.S. IF A FIRM FAILS TO RENEW ITS REGISTRATION
11 PURSUANT TO THE SCHEDULE ESTABLISHED BY THE DIRECTOR OF THE
12 DIVISION OF REGISTRATIONS, THE REGISTRATION SHALL EXPIRE. A FIRM
13 WHOSE REGISTRATION HAS EXPIRED SHALL BE SUBJECT TO THE PENALTIES
14 PROVIDED IN THIS ARTICLE OR SECTION 24-34-102 (8), C.R.S.

15 (3.7) THE BOARD SHALL NOT RENEW A REGISTRATION UNDER THIS
16 SECTION UNLESS THE REGISTERED PARTNERSHIP, PROFESSIONAL
17 CORPORATION, OR LIMITED LIABILITY COMPANY HAS UNDERGONE A PEER
18 REVIEW CONDUCTED ACCORDING TO RULES PROMULGATED BY THE BOARD
19 THAT MEET THE STANDARDS FOR PERFORMING AND REPORTING ON A PEER
20 REVIEW OF THE AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS
21 OR AN EQUIVALENT STANDARD.

22 **SECTION 12.** 12-2-120 (1), (2), (5), and (6) (b) (II),
23 Colorado Revised Statutes, are amended to read:

24 **12-2-120. Unlawful acts.** (1) ~~Except as provided in section~~
25 ~~12-2-121 (2), no person shall assume or use the title or designation~~
26 ~~"certified public accountant" or the abbreviation "C.P.A.," or any other~~
27 ~~title, designation, words, letters, abbreviation, sign, card, or device~~

1 tending to indicate that such person is a certified public accountant unless
2 such person holds an active certificate as a certified public accountant
3 under section 12-2-108, 12-2-109, or 12-2-113, or a prior law of this
4 state:

5 (2) Except as provided in section 12-2-121 (2), no partnership,
6 professional corporation, or limited liability company shall assume or use
7 the title or designation "certified public accountants" or the abbreviation
8 "C.P.A.s", or any other title, designation, words, letters, abbreviation,
9 sign, card, or device tending to indicate that such partnership,
10 professional corporation, or limited liability company is composed of
11 certified public accountants unless such partnership, professional
12 corporation, or limited liability company is registered as a partnership,
13 professional corporation, or limited liability company of certified public
14 accountants under section 12-2-117:

15 (5) Except as provided in sections 12-2-115, 12-2-117 (2) (b), and
16 12-2-121 (2), no person, partnership, professional corporation, or limited
17 liability company shall assume or use any title or designation using the
18 word "certified", "registered", "chartered", "enrolled", "licensed",
19 "independent", or "approved" in conjunction with the word accountant or
20 auditor or any abbreviation thereof or any title, designation, or
21 abbreviation likely to be confused with "certified public accountant" or
22 the abbreviation "C.P.A."

23 (6) (b) The provisions of paragraph (a) of this subsection (6) shall
24 not prohibit any officer or employee of a corporation, partner or employee
25 of a partnership, member or employee of a limited liability company, or
26 individual or employee of an individual from:

27 (II) Issuing or authoring any such AN opinion or certificate

1 utilizing any wording designating the position, title, or office which he
2 THAT THE PERSON holds relating to any statement or report in reference
3 to the financial affairs of such corporation, partnership, limited liability
4 company, or individual.

5 **SECTION 13. Repeal.** 12-2-121 (2) (b) (II) and (2) (b) (III),
6 Colorado Revised Statutes, are repealed as follows:

7 **12-2-121. Exceptions - acts not prohibited - rules.**

8 (2) (b) Nothing in this article shall prohibit:

9 (II) ~~A certified public accountant from another state or jurisdiction~~
10 ~~of the United States who is practicing in this state pursuant to this~~
11 ~~subsection (2) from using the title "certified public accountant" or the~~
12 ~~abbreviation "C.P.A.", or any other title, designation, words, letters,~~
13 ~~abbreviation, sign, card, or device tending to indicate that the person is a~~
14 ~~certified public accountant; or~~

15 (III) ~~A foreign partnership, corporation, limited partnership,~~
16 ~~limited liability limited partnership, or limited liability company that is~~
17 ~~practicing in this state pursuant to this subsection (2) from using the title~~
18 ~~or designation "certified public accountants" or the abbreviation~~
19 ~~"C.P.A.s", or any other title, designation, words, letters, abbreviation,~~
20 ~~sign, card, or device tending to indicate that the partnership, corporation,~~
21 ~~or limited liability company is composed of certified public accountants.~~

22 **SECTION 14.** 12-2-122, Colorado Revised Statutes, is amended
23 to read:

24 **12-2-122. Single act evidence of practice.** Any person who
25 displays, utters, or causes to be displayed or uttered a card, sign,
26 advertisement, or other printed, engraved, or written instrument or device
27 bearing such person's name in conjunction with the words "certified

1 public accountant", or the abbreviation "C.P.A.", or any title, designation,
2 or abbreviation prohibited by section ~~12-2-120~~ 12-2-115 may be
3 presumed in any action brought under section 12-2-126 to have held
4 himself OR HERSELF out to be a certified public accountant holding an
5 active certificate of certified public accountant pursuant to section
6 12-2-108. In any legal action brought under this article, evidence of the
7 commission of a single act prohibited by this article is sufficient to justify
8 an injunction.

9 **SECTION 15.** 12-2-129, Colorado Revised Statutes, is amended
10 to read:

11 **12-2-129. Unauthorized practice - penalties.** Any person who
12 violates section 12-2-115 OR 12-2-120 ~~(1), (2), (5), or (6)~~ (a) commits a
13 class 2 misdemeanor and shall be punished as provided in section
14 18-1.3-501, C.R.S., for the first offense, and, for the second or any
15 subsequent offense, the person commits a class 6 felony and shall be
16 punished as provided in section 18-1.3-401, C.R.S.

17 **SECTION 16.** 12-2-104 (1) (a) and (1) (g), Colorado Revised
18 Statutes, are amended to read:

19 **12-2-104. Powers and duties of board.** (1) The board has the
20 power and duty to:

21 (a) Elect annually from among its members a ~~president~~ CHAIR and
22 prescribe the duties of such office;

23 (g) Prescribe forms for and receive applications for certificates
24 and grant certificates, INCLUDING CONTRACTING WITH PEOPLE TO RECEIVE
25 AND REVIEW THE APPLICATIONS AS THE AGENT OF THE BOARD;

26 **SECTION 17.** 12-2-106 (1), (2), (3), and (4), Colorado Revised
27 Statutes, are amended to read:

1 **12-2-106. Fees.** (1) A fee authorized to be established pursuant
2 to section 24-34-105, C.R.S., shall be paid for each application made to
3 the board, whether ~~the same~~ IT is an application for examination or
4 reexamination or for issuance, renewal, reactivation, or reinstatement of
5 a certificate of certified public accountant, an application for registration
6 with the board as a ~~certified public accountant~~ PUBLIC ACCOUNTING FIRM,
7 or any other application requiring formal action or consideration by the
8 board. The fee required shall not be returnable irrespective of the action
9 taken by the board.

10 (2) A fee authorized to be established pursuant to section
11 24-34-105, C.R.S., shall be paid for each examination in which the
12 candidate is examined in the subjects prescribed by the board.
13 ~~Examination fees required in this subsection (2) are in addition to the fee~~
14 ~~required in subsection (1) of this section and shall be returned to the~~
15 ~~candidate should the board deny the candidate the right to take the~~
16 ~~examination or the candidate request in writing, not less than thirty days~~
17 ~~prior to the date fixed by the board for the examination, that the~~
18 ~~application be withdrawn.~~

19 (3) Any person making application for a certificate of certified
20 public accountant under section 12-2-113 shall pay a fee authorized to be
21 established pursuant to section 24-34-105, C.R.S., in addition to the fee
22 required in subsection (1) of this section. ~~Should such application be~~
23 ~~rejected by the board, the fee shall be returned to the applicant.~~

24 (4) ~~All fees shall be paid to the board and are to be paid by the~~
25 ~~applicant in advance of examination dates or of any action by the board.~~

26 **SECTION 18.** The introductory portion to 12-2-112 (1) and
27 12-2-112 (1) (a), Colorado Revised Statutes, are amended to read:

1 **12-2-112. Approval of schools.** (1) The board shall approve the
2 accounting program of ~~such~~ THE schools ~~as~~ THAT meet the following
3 requirements:

4 (a) ~~Such~~ THE school ~~shall have~~ HAS a curriculum designed to give
5 the student proficiency in those subjects in which ~~he~~ THE STUDENT must
6 pass an examination ~~by the board~~ TO BE LICENSED.

7 **SECTION 19.** 12-2-113 (1) (b), Colorado Revised Statutes, is
8 amended to read:

9 **12-2-113. Issuance of certificate by reciprocity or by passing**
10 **examination of another state.** (1) The board, in its discretion, may
11 waive the examination of persons qualified under this subsection (1) and
12 may issue a certificate of certified public accountant to:

13 (b) ~~Any~~ A person who has passed an examination under the laws
14 of another state and who possesses the qualifications prescribed in section
15 12-2-108 at the time ~~he~~ THE PERSON applies for a certificate in this state
16 or possesses substantially equivalent qualifications; or

17 **SECTION 20. Repeal.** 12-2-114, Colorado Revised Statutes, is
18 repealed as follows:

19 **12-2-114. Existing certificates confirmed.** ~~(1) No person who,~~
20 ~~on or before August 1, 1959, holds a certified public accountant~~
21 ~~certificate previously issued under the laws of this state shall be required~~
22 ~~to secure an additional certificate under this article but shall otherwise be~~
23 ~~subject to all the provisions of this article. Such certificate previously~~
24 ~~issued shall, for all purposes, be considered a certificate issued under this~~
25 ~~article.~~

26 ~~(2) and (3) Repealed.~~

27 **SECTION 21. Repeal.** 12-2-116, Colorado Revised Statutes, is

1 repealed as follows:

2 **12-2-116. Registered accountants.** Any person who holds a
3 certificate of registered accountant issued under the laws of this state shall
4 be subject to all the provisions of this article. For the purposes of this
5 article, certified public accountant and registered accountant shall be
6 deemed synonymous and all references in this article to certified public
7 accountants shall likewise refer and pertain to registered accountants.

8 **SECTION 22.** 12-2-121 (2) (a), Colorado Revised Statutes, is
9 amended to read:

10 **12-2-121. Exceptions - acts not prohibited - rules.**
11 (2) (a) Nothing in this article shall prohibit a certified public accountant
12 or a registered public accountant whose principal place of business is
13 located in another state or jurisdiction of the United States, from
14 practicing in this state on professional business, as defined by rules
15 promulgated by the board. Such practice shall be conducted in
16 conformity with rules promulgated by the board. Notwithstanding the
17 requirements of section 12-2-117, a foreign partnership, corporation,
18 limited partnership, limited liability limited partnership, or limited
19 liability company may engage in the practice of accountancy in this state
20 without registering with the board.

21 **SECTION 23.** 12-2-122.5, Colorado Revised Statutes, is
22 amended to read:

23 **12-2-122.5. Inactive certificant.** (1) The holder of a certificate
24 of certified public accountant, upon written notice by first class mail to
25 the board, shall have his or her name transferred to an inactive list and
26 shall not be required to comply with the continuing education
27 requirements for certificate renewal pursuant to section 12-2-119 so long

1 as he or she remains inactive. Each inactive certificant shall register once
2 every two years with the board in the same manner as active certificate
3 holders and pay a fee pursuant to section 12-2-108 (3). At such time as
4 an inactive certificant wishes to resume the practice of public accounting
5 as a certified public accountant, he or she shall file an application
6 therefor, meet any education requirements imposed by the board, and pay
7 a fee as established by the ~~board~~ DIRECTOR OF THE DIVISION OF
8 REGISTRATIONS WITHIN THE DEPARTMENT OF REGULATORY AGENCIES.

9 (2) During such time as a certified public accountant remains in
10 an inactive status, ~~he~~ THE ACCOUNTANT shall not perform those acts
11 restricted to active certified public accountants pursuant to section
12 12-2-120 (6) (a). The board shall retain jurisdiction over inactive
13 certified public accountants for the purposes of disciplinary action
14 pursuant to section 12-2-123.

15 **SECTION 24.** 12-2-123.5, Colorado Revised Statutes, is
16 amended to read:

17 **12-2-123.5. Response to board communication.** ~~Except as~~
18 ~~otherwise provided in section 12-2-123 (3),~~ A certificant shall, at the
19 request of the board, respond to communications from the board within
20 thirty days ~~of~~ AFTER the mailing of any communication. ~~by registered or~~
21 ~~certified mail.~~

22 **SECTION 25.** 12-2-125 (3) and (5), Colorado Revised Statutes,
23 are amended to read:

24 **12-2-125. Hearings before board - notice - procedure - review.**
25 (3) If, after having been served with the notice of hearing as provided for
26 in this section, the accused fails to appear at ~~said~~ THE hearing and defend,
27 the board may proceed to hear evidence against him OR HER and may

1 enter such order as is justified by the evidence, which order shall be final
2 unless he OR SHE petitions for a review thereof as provided in this section.
3 Within thirty days after the date of any order, upon a showing of good
4 cause for failing to appear and defend, the board may reopen said THE
5 proceedings and may permit the accused to submit evidence in his OR HER
6 behalf.

7 (5) At all hearings, the attorney general of this state or one of his
8 OF THE ATTORNEY GENERAL'S DESIGNATED assistants designated by him
9 shall appear and represent the board.

10 **SECTION 26.** 12-2-126 (1) (b) (II), Colorado Revised Statutes,
11 is amended, and the said 12-2-126 (1) (b) is further amended BY THE
12 ADDITION OF THE FOLLOWING NEW SUBPARAGRAPHS, to read:

13 **12-2-126. Investigations, examinations, and cease-and-desist**
14 **orders against unlawful act.** (1) (b) (II) ~~If the investigation discloses~~
15 ~~an instance of conduct which, in the opinion of the board, does not~~
16 ~~warrant formal action but in which the board has noticed indications of~~
17 ~~possible errant conduct by the certificate holder that could lead to serious~~
18 ~~consequences if not corrected, a confidential letter of concern shall be~~
19 ~~sent to the certificate holder against whom a complaint was made. If the~~
20 ~~board learns of second or subsequent actions of the same or similar nature~~
21 ~~by the certificate holder, the board shall not issue a confidential letter of~~
22 ~~concern but shall take such other course of action as it deems appropriate.~~

23 UPON COMPLETING AN INVESTIGATION, THE BOARD SHALL MAKE ONE OF
24 THE FOLLOWING FINDINGS:

25 (A) THE COMPLAINT IS WITHOUT MERIT AND NO FURTHER ACTION
26 NEED BE TAKEN.

27 (B) THERE IS NO REASONABLE CAUSE TO WARRANT FURTHER

1 ACTION.

2 (C) THE INVESTIGATION DISCLOSES AN INSTANCE OF CONDUCT
3 THAT DOES NOT WARRANT FORMAL ACTION, BUT THE INVESTIGATION
4 DISCLOSES INDICATIONS OF POSSIBLE ERRANT CONDUCT THAT COULD LEAD
5 TO SERIOUS CONSEQUENCES IF NOT CORRECTED. IF THIS FINDING IS MADE,
6 THE BOARD SHALL SEND A CONFIDENTIAL LETTER OF CONCERN TO THE
7 LICENSEE OR REGISTRANT.

8 (D) THE INVESTIGATION DISCLOSES AN INSTANCE OF CONDUCT
9 THAT DOES NOT WARRANT FORMAL ACTION BUT SHOULD NOT BE
10 DISMISSED AS BEING WITHOUT MERIT. IF THIS FINDING IS MADE, THE
11 BOARD SHALL SEND A LETTER OF ADMONITION TO THE LICENSEE OR
12 REGISTRANT BY CERTIFIED MAIL.

13 (E) THE INVESTIGATION DISCLOSES FACTS THAT WARRANT
14 FURTHER PROCEEDINGS BY FORMAL COMPLAINT. IF THIS FINDING IS MADE,
15 THE BOARD SHALL REFER THE COMPLAINT TO THE ATTORNEY GENERAL FOR
16 PREPARATION AND FILING OF A FORMAL COMPLAINT.

17 (III) (A) WHEN A LETTER OF ADMONITION IS SENT TO A LICENSEE
18 OR REGISTRANT, THE BOARD SHALL INCLUDE IN THE LETTER A NOTICE
19 THAT THE LICENSEE HAS THE RIGHT TO REQUEST IN WRITING, WITHIN
20 TWENTY DAYS AFTER RECEIPT OF THE LETTER, THAT FORMAL
21 DISCIPLINARY PROCEEDINGS BE INITIATED TO ADJUDICATE THE PROPRIETY
22 OF THE CONDUCT UPON WHICH THE LETTER OF ADMONITION IS BASED.

23 (B) IF THE REQUEST FOR ADJUDICATION IS TIMELY MADE, THE
24 LETTER OF ADMONITION IS VACATED AND THE BOARD SHALL PROCEED BY
25 MEANS OF FORMAL DISCIPLINARY PROCEEDINGS.

26 (IV) THE BOARD SHALL CONDUCT ALL PROCEEDINGS PURSUANT TO
27 THIS SUBSECTION (2) EXPEDITIOUSLY AND INFORMALLY SO THAT NO

1 LICENSEE OR REGISTRANT IS SUBJECTED TO UNFAIR AND UNJUST CHARGES
2 AND THAT NO COMPLAINANT IS DEPRIVED OF THE RIGHT TO A TIMELY,
3 FAIR, AND PROPER INVESTIGATION OF A COMPLAINT.

4 **SECTION 27.** 12-2-130, Colorado Revised Statutes, is amended
5 to read:

6 **12-2-130. Ownership of accountant's working papers.** All
7 statements, records, schedules, working papers, and memoranda made by
8 a certified public accountant ~~or registered accountant~~ incident to or in the
9 course of professional service to a client by ~~such certified public~~ THE
10 accountant, ~~or registered accountant~~, except reports submitted by a
11 certified public accountant ~~or registered accountant~~ to a client and books
12 and records prepared for the use of the client, shall be and remain the
13 property of ~~such certified public~~ THE accountant ~~or registered accountant~~
14 in the absence of an express agreement to the contrary between the
15 certified public accountant ~~or registered accountant~~ and the client.

16 **SECTION 28.** 12-2-108, Colorado Revised Statutes, is amended
17 BY THE ADDITION OF A NEW SUBSECTION to read:

18 **12-2-108. Certificate of certified public accountant - issuance**
19 **- renewal - reinstatement.** (7) THE BOARD SHALL NOT RENEW THE
20 CERTIFICATE OF A HOLDER WHO PRACTICES PUBLIC ACCOUNTING UNLESS
21 THE CERTIFICATE HOLDER PERFORMS PUBLIC ACCOUNTING WITHIN A
22 PARTNERSHIP, PROFESSIONAL CORPORATION, OR LIMITED LIABILITY
23 COMPANY OR THE CERTIFICATE HOLDER HAS UNDERGONE A PEER REVIEW
24 CONDUCTED ACCORDING TO RULES PROMULGATED BY THE BOARD THAT
25 MEET THE STANDARDS FOR PERFORMING AND REPORTING ON A PEER
26 REVIEW OF THE AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS
27 OR AN EQUIVALENT STANDARD.

1 **SECTION 29. Specified effective date.** This act shall take effect
2 July 1, 2010.

3 **SECTION 30. Safety clause.** The general assembly hereby finds,
4 determines, and declares that this act is necessary for the immediate
5 preservation of the public peace, health, and safety.