

HOUSE BILL NO. 1156

Introduced by

Representatives Schauer, Bahl, Christy, Frelich, J. Johnson, O'Brien, S. Olson, Louser
Senators Klein, Roers, Sickler

1 A BILL for an Act to create and enact a new section to chapter 43-02.2 of the North Dakota
2 Century Code, relating to ownership of accounting firms by qualified plans; and to amend and
3 reenact subsection 3 of section 10-31-04 and subsection 3 of section 43-02.2-06 of the North
4 Dakota Century Code, relating to minority ownership of an accounting firm.

5 **BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:**

6 **SECTION 1. AMENDMENT.** Subsection 3 of section 10-31-04 of the North Dakota Century
7 Code is amended and reenacted as follows:

8 3. If expressly authorized under this subsection, a professional organization may have a
9 minority ownership by one or more minority owners. A professional organization
10 created under this chapter for the purpose of providing professional services as set
11 forth in ~~chapter~~chapters 43-02.2 and 43-03 is expressly authorized to have minority
12 owners.

13 **SECTION 2. AMENDMENT.** Subsection 3 of section 43-02.2-06 of the North Dakota
14 Century Code is amended and reenacted as follows:

15 3. ~~An~~Except as provided in section 3 of this Act, an applicant for initial issuance or
16 renewal of a permit to practice under this section must show that ~~notwithstanding any~~
17 ~~other provision of law,~~ a simple majority of the ownership of the firm, in terms of
18 financial interests and voting rights, belongs to licensees of a state or other recognized
19 jurisdiction and that all certified public accountants or licensed public accountants
20 associated with the firm whose principal place of business is in this state and who
21 perform professional services in this state hold a valid certificate or license issued by
22 this state. The minority of the ownership of a firm may belong to an individual or a
23 qualified plan as described and defined in sections 401(a) and 4975(e)(7) of the
24 Internal Revenue Code [26 U.S.C. 401(a) and 4975(e)(7)], including an employee

1 stock ownership plan. The firm and its owners must comply with all board rules
2 regarding ownership.

3 **SECTION 3.** A new section to chapter 43-02.2 of the North Dakota Century Code is created
4 and enacted as follows:

5 **Permit to practice - Firm wholly owned by qualified plan.**

6 1. A firm may be wholly owned by a qualified plan as described and defined in sections
7 401(a) and 4975(e)(7) of the Internal Revenue Code [26 U.S.C. 401(a) and 4975(e)
8 (7)], including an employee stock ownership plan, if an applicant for initial issuance or
9 renewal of a permit to practice shows:

- 10 a. Fifty-one percent or more of the beneficial ownership of the plan belongs to
11 certified public accountants or licensed public accountants of the state or other
12 recognized jurisdiction;
- 13 b. All certified public accountants or licensed public accountants associated with the
14 firm whose principal place of business is in this state and who perform
15 professional services in this state hold a valid certificate or license issued by this
16 state; and
- 17 c. A simple majority of the board of directors of the firm are certified public
18 accountants or licensed public accountants of the state or other recognized
19 jurisdiction.