

[First Reprint]

SENATE, No. 2962

STATE OF NEW JERSEY
218th LEGISLATURE

INTRODUCED SEPTEMBER 24, 2018

Sponsored by:

Senator NELLIE POU

District 35 (Bergen and Passaic)

Assemblyman THOMAS P. GIBLIN

District 34 (Essex and Passaic)

Co-Sponsored by:

Senator Cardinale

SYNOPSIS

Revises “Accountancy Act of 1997.”

CURRENT VERSION OF TEXT

As reported by the Senate Commerce Committee on October 15, 2018, with amendments.



(Sponsorship Updated As Of: 12/18/2018)

1 AN ACT concerning the practice of accounting and amending
2 P.L.1997, c.259 and P.L.2008, c.45.

3

4 **BE IT ENACTED** by the Senate and General Assembly of the State
5 of New Jersey:

6

7 1. Section 3 of P.L.1997, c.259 (C.45:2B-44) is amended to
8 read as follows:

9 3. As used in this act:

10 "Attest" means providing **[any of]** the following **[financial**
11 **statement]** services: any audit or other engagement to be performed
12 in accordance with the Statements on Auditing Standards (SAS);
13 any review of a financial statement to be performed in accordance
14 with the Statements on Standards for Accounting and Review
15 Services (SSARS); any examination **[of prospective financial**
16 **information]** , review, or agreed upon procedures of engagement
17 to be performed in accordance with the Statements on Standards for
18 Attestation Engagements (SSAE); **[and]** any engagement to be
19 performed in accordance with the **[auditing]** standards of the Public
20 Company Accounting Oversight Board (PCAOB). The statements
21 on standards specified herein shall be adopted by regulation by the
22 board and shall be in accordance with standards developed for
23 general application by recognized national accountancy
24 organizations such as the American Institute of Certified Public
25 Accountants and the PCAOB.

26 "Board" means the New Jersey State Board of Accountancy.

27 "Compilation" means providing a service, to be performed in
28 accordance with Statements on Standards for Accounting and
29 Review Services (SSARS), by presenting, in the form of financial
30 statements, information that is the representation of management or
31 owners without undertaking to express any assurance on the
32 statements.

33 "CPA firm" or "firm" means a sole proprietorship, a professional
34 corporation, a partnership, a limited liability company, a limited
35 liability partnership, or any other lawful form of business
36 organization.

37 "Financial statements" means statements and related footnotes
38 that purport to present an actual or a prospective financial position
39 at a particular time, or results of operations, cash flow, or changes
40 in financial position for a period of time, in conformity with
41 generally accepted accounting principles or another comprehensive
42 basis of accounting. The term includes specific elements, accounts
43 or items of such statements, but does not include: incidental
44 financial data included in management advisory service reports to

EXPLANATION – Matter enclosed in bold-faced brackets **[thus]** in the above bill is
not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.

Matter enclosed in superscript numerals has been adopted as follows:

¹Senate SCM committee amendments adopted October 15, 2018.

1 support recommendations to a client; or tax returns and supporting
2 schedules.

3 **["Firm"** means a sole proprietorship, a professional corporation,
4 a partnership, a limited liability company, a limited liability
5 partnership, or any other lawful form of business organization.

6 "Home office" means the location specified by the client as the
7 address to which a service described in subsection d. of section 6 of
8 P.L.2008, c.45 (C.45:2B-50.1) is directed. **]**

9 "License" means a license or registration issued to an individual
10 or firm permitting the individual or firm to practice public
11 accountancy.

12 "Licensee" means the holder of a license issued pursuant to **[this**
13 **act]** P.L.1997, c.259 (C.45:2B-42 et seq.).

14 "Manager" means a manager of a limited liability company.

15 "Member" means a member of a limited liability company.

16 "Nonlicensee" means a person not licensed as a certified public
17 accountant or a public accountant of any state or possession of the
18 United States or the District of Columbia.

19 "Owner of a firm" means any person with an equity or equivalent
20 interest in a firm, such as a shareholder with respect to a
21 corporation or a partner with respect to a partnership, or an
22 individual with respect to a sole proprietorship.

23 "Peer review" means a study, appraisal, or review of one or more
24 aspects of the professional work of a licensee or CPA firm that
25 issues attest or compilation reports, by a person or persons holding
26 licenses and not affiliated with the licensee or CPA firm being
27 reviewed.

28 "Practice of public accountancy" means the performance or the
29 offering to perform attest services for a client or potential client, by
30 a licensee, registered firm or individual qualifying for practice
31 privileges under section 6 of P.L.2008, c.45 (C.45:2B-50.1). The
32 "practice of public accountancy" also means the performance or the
33 offering to perform by a licensee or individual qualifying for
34 practice privileges under section 6 of P.L.2008, c.45 (C.45:2B-50.1)
35 of one or more of the following: a compilation of a financial
36 statement to be performed in accordance with SSARS, management
37 advisory, financial advisory or consulting services, or the
38 preparation of tax returns or the furnishing of advice on tax matters.

39 "Practice unit" means any office of a firm registered with the
40 board to engage in the practice of public accountancy in the State of
41 New Jersey.

42 "Principal place of business" means the office location
43 designated by a licensee for purposes of substantial equivalency and
44 reciprocity.

45 **["Quality review"** means a study, appraisal or review of one or
46 more aspects of the professional work of a licensee, or individual
47 qualifying for practice privileges under section 6 of
48 P.L.2008, c.45 (C.45:2B-50.1), or registered firm that performs

1 attest or compilation services, by a person who is a certified public
2 accountant or public accountant and who is not affiliated with the
3 licensee, the individual qualified for practice privileges under
4 section 6 of P.L.2008, c.45 (C.45:2B-50.1), or registered firm being
5 reviewed.】

6 “Professional” means arising out of or related to the specialized
7 knowledge or skills associated with certified public accountants.

8 "Report" when used with reference to **【financial statements】** any
9 attest or compilation service, means an opinion, report, or other
10 form of language that states or implies assurance as to the reliability
11 of **【any】** the attested information or compiled financial 【statement】
12 statements and that also includes or is accompanied by any
13 statement or implication that the person or firm issuing it has
14 special knowledge or competence in accounting or auditing. Such a
15 statement or implication of special knowledge or competence may
16 arise from use by the issuer of the report of names or titles
17 indicating that the person or firm is an accountant or auditor, or
18 from the language of the report itself. The term "report" includes
19 any form of language which disclaims an opinion when that form of
20 language is conventionally understood to imply any positive
21 assurance as to the reliability of the attested information or
22 compiled financial 【statement】 statements referred to, or special
23 competence on the part of the person or firm issuing that language,
24 or both; and it includes any other form of language that is
25 conventionally understood to imply that assurance, or that special
26 knowledge or competence, or both.

27 (cf: P.L.2008, c.45, s.1)

28

29 2. Section 8 of P.L.1997, c.259 (C.45:2B-49) is amended to
30 read as follows:

31 8. Every applicant for examination for licensure as a certified
32 public accountant shall present to the board a written application on
33 a form to be provided by the board, together with the required fee,
34 and satisfactory proof of the following:

35 a. **【That the applicant is at least 18 years of age;】** (Deleted by
36 amendment, P.L. , c.) (pending before the Legislature as this
37 bill)

38 b. That the applicant is of good moral character; and

39 c. That the applicant has at least 120 semester hours of
40 education, including a baccalaureate or higher degree or its
41 equivalent, from an institution of higher education accredited by a
42 regional accrediting agency recognized by the Commission on
43 Higher Education, except that no applicant shall be issued a license
44 unless he has successfully completed at least 150 hours of
45 education. The educational program shall include a concentration
46 in accounting or its equivalent and related professional courses as
47 determined by regulation of the board.

48 (cf: P.L.2005, c.104, s.1)

1 3. Section 9 of P.L.1997, c.259 (C.45:2B-50) is amended to
2 read as follows:

3 9. Except as otherwise provided, no person shall be issued a
4 license by the board to practice as a certified public accountant until
5 he has passed all sections of an examination designated by the
6 board with a passing grade of 75 in each section. If the candidate
7 does not pass all of the sections of the examination at one sitting, he
8 may be reexamined with respect to the sections which he did not
9 pass, under terms and conditions established by the board.

10 **【Examinations shall be given by the board at least twice a year,**
11 **and any person who wishes to sit for an examination shall apply to**
12 **the board at least 60 days prior to the date of the examination.】** The
13 board may make use of the Uniform Certified Public Accountant
14 Examination, or the Advisor Grading Service of the American
15 Institute of Certified Public Accountants, or any other examination
16 offered by an organization recognized by the board, which the
17 board deems appropriate.

18 (cf: P.L.1997, c.259, s.9)

19

20 4. Section 6 of P.L.2008, c.45 (C.45:2B-50.1) is amended to
21 read as follows:

22 6. a. An individual whose principal place of business is not in
23 this State shall be presumed to have qualifications substantially
24 equivalent to this State's requirements for certified public
25 accountants and shall have all the privileges of licensed certified
26 public accountants of this State without the need to obtain a license
27 under P.L.1997, c.259 (C.45:2B-42 et seq.) or to notify the board or
28 pay any fee if that individual:

29 (1) Holds a valid license as a certified public accountant from
30 any state which the National Association of State Boards of
31 Accountancy's (NASBA) National Qualification Appraisal Service
32 has verified to be in substantial equivalence with the certified
33 public accountant licensure requirements of the American Institute
34 of Certified Public Accountants **【AICPA/NASBA】** (AICPA) and
35 NASBA Uniform Accountancy Act; or

36 (2) Holds a valid license as a certified public accountant from
37 any state which the NASBA's National Qualification Appraisal
38 Service has not verified to be in substantial equivalence with the
39 certified public accountant licensure requirements of the
40 AICPA/NASBA Uniform Accountancy Act, but that individual
41 obtains from the NASBA's National Qualification Appraisal Service
42 verification that the individual's personal certified public accountant
43 qualifications are substantially equivalent to the certified public
44 accountant licensure requirements of the AICPA/NASBA Uniform
45 Accountancy Act.

46 b. In accordance with the provisions of this section and
47 notwithstanding any other provision of law, an individual who
48 offers or renders professional services, whether in person or by
49 mail, telephone, or electronic means, shall be granted practice

1 privileges in this State and no notice or other submission shall be
2 required of that individual. Such individual shall be subject to the
3 requirements of subsection c. of this section.

4 c. An individual licensee of another state exercising the
5 privilege afforded by this section and the firm that employs that
6 licensee hereby simultaneously consent, as a condition of exercising
7 that privilege:

8 (1) To the personal and subject matter jurisdiction and
9 disciplinary authority of the board;

10 (2) To comply with P.L.1997, c.259 (C.45:2B-42 et seq.) and
11 the regulations promulgated pursuant to that act;

12 (3) That in the event the license from the state of the individual's
13 principal place of business is no longer valid, the individual will
14 cease offering or rendering professional services in this State
15 individually and on behalf of a firm; and

16 (4) To the appointment of the state board or other authority that
17 issued the individual's license as the individual's agent upon which
18 process may be served in any action or proceeding by this State's
19 board against the licensee.

20 d. An individual who has been granted the practice privilege
21 under this section **【**who, for any entity with its home office in this
22 State**】** or who has a license issued pursuant to section 10 of
23 P.L.1997, c.259 (C.45:2B-51), who performs any **【**of the following
24 services:

25 (1) A financial statement audit or other engagement to be
26 performed in accordance with the Statements on Auditing Standards
27 (SAS);

28 (2) An examination of prospective financial information to be
29 performed in accordance with the Statements on Standards for
30 Attestation Engagements (SSAE); or

31 (3) An engagement to be performed in accordance with the
32 Public Company Accounting Oversight Board (PCAOB) Auditing
33 Standards;**】** attest service may only do so through a firm which **【**
34 registered with the board under**】** meets the requirements of
35 subsection a. of section 13 of P.L.1997, c.259 (C.45:2B-54).

36 e. A licensee of this State offering or rendering services or
37 using a title provided in section 21 of P.L.1997, c.259 (C.45:2B-62)
38 in another state shall be subject to disciplinary action in this State
39 for an action committed in another state for which the licensee
40 would be subject to discipline for an act committed in that state.
41 The board shall investigate any complaint made by the board of
42 accountancy or other licensing authority of another state.

43 f. Any individual who passed the Uniform Certified Public
44 Accountant Examination and holds a valid license issued by any
45 other state prior to January 1, 2012 shall be exempt from the 150
46 hour education requirement in subsection c. of section 8 of
47 P.L.1997, c.259 (C.45:2B-49).

48 (cf: P.L.2008, c.45, s.6)

1 5. Section 10 of P.L.1997, c.259 (C.45:2B-51) is amended to
2 read as follows:

3 10. a. **【**Except as provided in subsection b. of this section,
4 every**】** Every applicant for licensure as a certified public
5 accountant, having passed the examination in compliance with the
6 provisions of section 9 of **【**this act**】** P.L.1997, c.259 (C.45:2B-50),
7 shall provide satisfactory proof to the board that**【:** the applicant
8 has had one year of experience providing any type of service or
9 advice involving the use of accounting, attest, compilation,
10 management advisory, financial advisory, tax, or consulting skills,
11 all of which was verified by a licensee, and meeting the
12 requirements prescribed by the board pursuant to promulgated
13 regulations. The experience required pursuant to this section is
14 acceptable if it was gained through employment in government,
15 industry, academia, or public practice.

16 (1) **【**The applicant has had one year of experience in the
17 practice of public accountancy or its equivalent, under the direction
18 of a licensee meeting requirements prescribed by the board; and**】**
19 (Deleted by amendment, P.L. , c.) (pending before the
20 Legislature as this bill)

21 (2) **【**The experience includes evidence of intensive and
22 diversified experience in auditing or accounting as determined by
23 regulation of the board.**】** (Deleted by amendment, P.L. , c.)
24 (pending before the Legislature as this bill)

25 b. **【**(1) For six years following the effective date of this act, an
26 applicant for licensure as a certified public accountant who has
27 acquired, prior to the effective date of this act, not less than four
28 years of experience deemed acceptable to the board in government,
29 industry or education shall be exempt from the experience
30 requirements of subsection a. of this section; and

31 (2) For four years following the effective date of this act, an
32 applicant for licensure as a certified public accountant who is
33 working in government, industry or education as of the effective
34 date of this act shall be exempted from the experience requirements
35 of subsection a. of this section so long as that applicant
36 satisfactorily completes not less than four years of experience
37 acceptable to the board.**】** (Deleted by amendment, P.L. , c.)
38 (pending before the Legislature as this bill)

39 (cf: P.L.1997, c.259, s.10)

40

41 6. Section 13 of P.L.1997, c.259 (C.45:2B-54) is amended to
42 read as follows:

43 13. a. The board shall only grant or renew registration to a firm
44 engaged in the practice of attest services or public accountancy if
45 that firm meets the requirements provided in this section.

46 (1) A firm shall register with the board if it:

47 (a) Has an office in this State engaged in the practice of attest
48 services;

- 1 (b) Has an office in this State that uses the title "Certified Public
2 Accountant," "CPA," "Certified Public Accountant firm," or "CPA
3 firm;" or
- 4 (c) Does not have an office in this State, but **【performs】** offers
5 or renders attest services **【described in subsection d. of section 6 of**
6 **P.L.2008, c.45 (C.45:2B-50.1) for a client having its home office in**
7 **this State】** , as defined in section 3 of P.L.1997, c.259 (C.45:2B-
8 44), but only if it meets each of the following:
- 9 (i) It complies with the qualifications described in subsection b.
10 of this section;
- 11 (ii) It complies with the qualifications described in section 26 of
12 P.L.1997, c.259 (C.45:2B-67); and
- 13 (iii) It can lawfully offer or render attest services in the state
14 where those individuals with practice privileges have their principal
15 place of business.
- 16 (2) A firm that **【does not have an office in this State】** is not
17 subject to the requirements of paragraph (1) of this subsection may
18 perform compilation services **【or review financial statements in**
19 **accordance with the Statements on Standards for Accounting and**
20 **Review Services (SSARS), and may practice public accountancy as**
21 **authorized under this section, for a client having its home office in**
22 **this State and may use】** and professional services other than attest
23 services while using the title "Certified Public Accountant," "CPA,"
24 "Certified Public Account firm," or "CPA firm," without registering
25 with the board only if:
- 26 (a) It **【has the qualifications described in section 26 of**
27 **P.L.1997, c.259 (C.45:2B-67) and in subsection a. of section 5 of**
28 **P.L.1999, c.215 (C.45:2B-54.1)】** can lawfully do so in the state
29 where those individuals with practice privileges have their principal
30 place of business; and
- 31 (b) It performs those services through an individual with
32 practice privileges under subsection d. of section 6 of P.L.2008,
33 c.45 (C.45:2B-50.1).
- 34 (3) **【A firm that is not subject to the requirements of paragraph**
35 **(1) or (2) of this subsection may perform other professional services**
36 **included in the practice of public accountancy while using the title**
37 **"Certified Public Accountant," "CPA," "Certified Public Account**
38 **firm," or "CPA firm" in this State without registering with the board**
39 **if:】** (Deleted by amendment, P.L. , c.) (pending before the
40 Legislature as this bill)
- 41 (a) **【It performs those services through an individual with**
42 **practice privileges under subsection d. of section 6 of P.L.2008,**
43 **c.45 (C.45:2B-50.1); and】** (Deleted by amendment, P.L. , c.)
44 (pending before the Legislature as this bill)
- 45 (b) **【It can lawfully do so in the state where those individuals**
46 **with practice privileges have their principal place of business.】**

1 (Deleted by amendment, P.L. , c.) (pending before the
2 Legislature as this bill)

3 (4) **【A firm with an office in this State that is engaged in the**
4 **practice of public accountancy but not performing attest services,**
5 **shall be eligible to register with the board as a firm of certified**
6 **public accountants.】** (Deleted by amendment, P.L. , c.) (pending
7 before the Legislature as this bill)

8 b. A firm seeking to register with the board shall meet the
9 following requirements:

10 (1) **【At least one owner of the firm】** ¹**【Notwithstanding any**
11 **other provision of law to the contrary, a simple majority of the**
12 **ownership of the firm, in terms of financial interest and voting**
13 **rights of all partners, officers, shareholders, members, or managers,**
14 **belongs to holders of a certificate who are licensed in some state,**
15 **and those partners, officers, shareholders, members, or managers,**
16 **whose principal place of business is in this State shall be a certified**
17 **public accountant in good standing, and licensed to practice public**
18 **accountancy in this State】** ¹ **【, except that this requirement is waived**
19 **for firms that perform services for which firm registration is**
20 **required under subparagraph (c) of paragraph (1) of subsection a. of**
21 **this section through an individual who qualifies for the practice**
22 **privilege under section 6 of P.L.2008, c.45 (C.45:2B-50.1)】**
23 ¹(Deleted by amendment, P.L. , c.) (pending before the
24 Legislature as this bill)¹;

25 (2) ¹**【Each owner of the firm, other than a nonlicensee,】**
26 **Notwithstanding any other provision of law to the contrary, a**
27 **simple majority of the ownership of a firm, in terms of financial**
28 **interest and voting rights of all partners, officers, shareholders,**
29 **members, or managers,**¹ shall ¹**【be a】** ¹**belong to**¹ certified public
30 ¹**【accountant】** ¹**accountants**¹ of any state or possession of the United
31 States or the District of Columbia in good standing, and licensed to
32 practice public accountancy where licensed ¹. Other than a
33 nonlicensee owner, any partner, officer, shareholder, member, or
34 manager whose principal place of business is in this State shall be a
35 certified public accountant in good standing, and licensed to
36 practice public accountancy in this State¹; ¹and¹

37 (3) There shall be a certified public accountant in the firm who
38 has ultimate responsibility for each attest engagement. On all firm
39 applications and renewal forms, a licensee or an individual who
40 qualifies for the practice privilege under section 6 of P.L.2008, c.45
41 (C.45:2B-50.1) shall be designated as responsible and in charge of
42 all professional matters relating to the practice of accountancy by
43 the registered firm. Each **【resident manager in charge of a practice**
44 **unit of a firm in this State and each】** owner **【thereof】** **of a firm in**
45 **this State**, other than a nonlicensee, personally engaged within this
46 State in the practice of public accountancy shall be a certified
47 public accountant in good standing, and licensed to practice public

1 accountancy in this State, or shall be an individual who qualifies for
2 the practice privilege under section 6 of P.L.2008, c.45 (C.45:2B-
3 50.1).

4 c. Application for registration of a firm shall be made upon the
5 affidavit of an owner of the firm who is a certified public
6 accountant in good standing and licensed to practice public
7 accountancy in this State or who qualifies for the practice privilege
8 under section 6 of P.L.2008, c.45 (C.45:2B-50.1). The board shall
9 in each case determine whether the applicant is eligible for
10 registration. A firm which is so registered may use the words
11 "certified public accountant" or the abbreviation "CPAs" in
12 connection with its firm name. Notification shall be given to the
13 board within 90 days after admission or withdrawal of an owner
14 licensed and practicing in this State from any firm so registered.
15 (cf: P.L.2008, c.45, s.2)

16

17 7. Section 14 of P.L.1997, c.259 (C.45:2B-55) is amended to
18 read as follows:

19 14. a. A firm engaged in this State in the practice of attest
20 services and not otherwise registered with the board or exempt from
21 registration under section 13 of P.L.1997, c.259 (C.45:2B-54) shall
22 be required to register with the board as a firm of public
23 accountants. A firm engaged in the practice of public accountancy,
24 but not performing attest services, shall be eligible to register with
25 the board as a firm of public accountants. In either case, the firm
26 shall meet the following requirements:

27 (1) At least one owner of a firm shall be a public accountant or
28 certified public accountant in good standing, and licensed to
29 practice public accountancy in this State;

30 (2) Each owner of the firm, other than a nonlicensee, shall be a
31 public accountant or certified public accountant of any state or
32 possession of the United States or the District of Columbia in good
33 standing, and licensed to practice public accountancy where
34 licensed;

35 (3) There shall be a public accountant or certified public
36 accountant in the firm who has ultimate responsibility for each
37 attest engagement. On all firm applications and renewal forms, a
38 licensee shall be designated as responsible and in charge of all
39 professional matters relating to the practice of accountancy by the
40 registered firm. Each **[resident manager in charge of a practice unit**
41 **of a firm in this State and each]** owner **[thereof]** of a firm in this
42 State, other than a nonlicensee, personally engaged within this State
43 in the practice of public accounting shall be a public accountant or a
44 certified public accountant of this State in good standing and
45 licensed to practice public accountancy in this State.

46 b. Application for registration of a firm shall be made upon the
47 affidavit of an owner of the firm who is a public accountant or
48 certified public accountant of this State in good standing and
49 licensed to practice public accountancy in this State. The board

1 shall in each case determine whether the applicant is eligible for
2 registration. A firm which is so registered may use the words
3 "public accountant" or the abbreviation "PAs" in connection with its
4 firm name. Notification shall be given to the board within 90 days
5 after admission or withdrawal of an owner licensed and practicing
6 in this State from any firm so registered.

7 (cf: P.L.2008, c.45, s.3)

8

9 8. Section 16 of P.L.1997, c.259 (C.45:2B-57) is amended to
10 read as follows:

11 16. Each firm established or maintained in this State for the
12 practice of public accountancy by certified public accountants or
13 public accountants shall triennially register with and pay to the
14 board a triennial registration fee. **【Each practice unit shall be under
15 the direct supervision of a resident manager who may be either an
16 owner or a staff employee licensed under this act.】**

17 (cf: P.L.1997, c.259, s.16)

18

19 9. Section 18 of P.L.1997, c.259 (C.45:2B-59) is amended to
20 read as follows:

21 18. a. After notice and an opportunity to be heard, the board
22 may: revoke any license or registration issued under **【this act】**
23 P.L.1997, c.259 (C.45:2B-42 et seq.); suspend any license or
24 registration or refuse to renew any license or registration;
25 reprimand, censure, or limit the scope of practice of any licensee;
26 impose an administrative fine; or place any licensee on probation,
27 for any of the following reasons:

28 (1) Fraud, deceit or misrepresentation in obtaining a license or
29 registration;

30 (2) Cancellation, revocation, suspension or refusal to renew the
31 authority to engage in the practice of public accountancy in any
32 other state for reasons consistent with this section;

33 (3) Failure, on the part of a holder of a license or registration, to
34 maintain compliance with the requirements for issuance or renewal
35 of that license or registration or to report changes to the board in the
36 name or composition of any firm or individual licensed or
37 registered in this State, or a change in the status of a license of a
38 firm licensed in any other jurisdiction;

39 (4) Revocation or suspension of the right to practice before any
40 state or federal agency;

41 (5) Dishonesty, fraud, gross negligence or repeated acts of
42 negligence in the practice of public accountancy or in the filing or
43 failure to file the licensee's or registrant's own income tax returns;

44 (6) Violation of any provision of this act or regulation
45 promulgated by the board under **【this act】** P.L.1997, c.259
46 (C.45:2B-42 et seq.);

47 (7) Violation of any rule of professional conduct promulgated
48 by the board under **【this act】** P.L.1997, c.259 (C.45:2B-42 et seq.);

1 (8) Conviction of a crime, an element of which is dishonesty or
2 fraud, under the laws of the United States, of this State, or any other
3 state, if the acts involved would have constituted a crime of the
4 first, second, third or fourth degree under the laws of this State;

5 (9) Performance of any fraudulent act while holding a license or
6 registration issued under **[this act]** P.L.1997, c.259 (C.45:2B-42 et
7 seq.), or prior laws regulating accountants in this State;

8 (10) Any conduct reflecting adversely upon the licensee's
9 fitness to engage in the practice of public accountancy;

10 (11) If the licensee is incapable for medical or any other good
11 cause of discharging the functions of a licensee in the manner
12 consistent with the public's health, safety and welfare; or

13 (12) The failure of an individual or a firm to have all the
14 qualifications prescribed by any provision of **[this act]** P.L.1997,
15 c.259 (C.45:2B-42 et seq.) under which the individual or firm
16 qualified for registration or licensing.

17 b. The board may impose any other disciplinary sanction or
18 civil penalties pursuant to the provisions of P.L.1978, c.73 (C.45:1-
19 14 et seq.).

20 c. In lieu of or in addition to any remedy provided in
21 subsection a. or b. of this section, the board may require of a
22 licensee or registrant:

23 (1) A **[quality]** peer review conducted in a manner as specified
24 by the board in accordance with the provisions of section 26 of
25 **[this act]** P.L.1997, c.259 (C.45:2B-67).

26 (2) Satisfactory completion of continuing professional education
27 programs required by the board pursuant to the provisions of
28 section 27 or 30 of **[this act]** P.L.1997, c.259 (C.45:2B-68 or
29 C.45:2B-71).

30 (3) Appropriate community service as the board may require.

31 d. In any proceeding in which a remedy provided by subsection
32 a., b. or c. of this section is imposed, the board may also require the
33 respondent licensee or registrant to pay the cost of the proceeding.
34 (cf: P.L.1997, c.259, s.18)

35
36 10. Section 19 of P.L.1997, c.259 (C.45:2B-60) is amended to
37 read as follows:

38 19. a. In any case where the board has suspended or revoked a
39 license or registration or refused to renew a license or registration,
40 the board may, upon application in writing by the person or firm
41 affected and for good cause shown, modify the suspension, or
42 reissue the license or registration.

43 b. The board shall prescribe the manner in which such an
44 application shall be made, the time within which it shall be made,
45 and the circumstances in which hearings or applications will be
46 held.

47 c. Before reissuing, or terminating the suspension of a license
48 or registration under this section, and as a condition of reissuance or

1 termination of suspension, the board may require the applicant to
2 show successful completion of the continuing professional
3 education requirements of **[this act]** P.L.1997, c.259 (C.45:2B-42
4 et seq.); and the board may make the reinstatement of a license or
5 registration conditional and subject to satisfactory completion of a
6 **[quality]** peer review conducted in a manner required by the board.
7 (cf: P.L.1997, c.259, s.19)

8
9 11. Section 21 of P.L.1997, c.259 (C.45:2B-62) is amended to
10 read as follows:

11 21. a. No person shall use or assume the title or designation
12 "certified public accountant," or the abbreviation "CPA" or any
13 other title, designation, words, letters, abbreviation, sign, card, or
14 device tending to indicate that the person is a certified public
15 accountant unless that person holds a current license as a certified
16 public accountant under **[this act]** P.L.1997, c.259 (C.45:2B-42 et
17 seq.) or qualifies for the practice privilege under section 6 of
18 P.L.2008, c.45 (C.45:2B-50.1).

19 b. No firm shall use or assume the title or designation "certified
20 public accountant," or the abbreviation "CPA," unless otherwise
21 provided for by law, or any other title, designation, words, letters,
22 abbreviation, sign, card, or device tending to indicate that the firm
23 is composed of certified public accountants, unless the firm holds a
24 current registration issued under **[this act]** P.L.1997, c.259
25 (C.45:2B-42 et seq.) or is exempt from registration under section 13
26 of P.L.1997, c.259 (C.45:2B-54).

27 c. No person shall use or assume the title or designation
28 "public accountant," or the abbreviation "PA," or any other title,
29 designation, words, letters, abbreviation, sign, card, or device
30 tending to indicate that the person is a public accountant unless that
31 person holds a current license as a public accountant under **[this**
32 **act]** P.L.1997, c.259 (C.45:2B-42 et seq.).

33 d. No firm shall use or assume the title or designation "public
34 accountant," or the abbreviation "PA," unless otherwise provided
35 for by law, or any other title, designation, words, letters,
36 abbreviation, sign, card, or device tending to indicate that the firm
37 is composed of public accountants, unless the firm holds a current
38 registration issued under **[this act]** P.L.1997, c.259 (C.45:2B-42 et
39 seq.).

40 e. No person or firm shall use or assume the title or designation
41 "certified accountant," "chartered accountant," "enrolled
42 accountant," "licensed accountant," "registered accountant,"
43 "accredited accountant," or any other title or designation likely to
44 be confused with the titles "certified public accountant" or "public
45 accountant," or use any of the abbreviations "CA," "LA," "RA,"
46 "AA," or similar abbreviations likely to be confused with the
47 abbreviations "CPA" or "PA," unless that person or firm holds a
48 current license or registration issued under **[this act]** P.L.1997,

- 1 c.259 (C.45:2B-42 et seq.), qualifies for the practice privilege under
2 section 6 of P.L.2008, c.45 (C.45:2B-50.1), or is exempt from
3 registration under section 13 of P.L.1997, c.259 (C.45:2B-54).
- 4 f. No person or firm shall use or assume the title "enrolled
5 agent" or "EA," unless so designated by the Internal Revenue
6 Service.
- 7 g. No person or firm shall use or assume any title or
8 designation that includes the words "accountant," "auditor," or
9 "accounting" in connection with any other language, including the
10 language of a report, that implies that the person or firm holds such
11 a certificate, permit, or registration or has special competence as an
12 accountant or auditor, unless that person or firm holds a current
13 license or registration issued under **[this act]** P.L.1997, c.259
14 (C.45:2B-42 et seq.), qualifies for the practice privilege under
15 section 6 of P.L.2008, c.45 (C.45:2B-50.1), or is exempt from
16 registration under section 13 of P.L.1997, c.259 (C.45:2B-54),
17 except that this subsection shall not prohibit any officer, partner,
18 member, manager, or employee of any firm or organization from
19 affixing that person's own signature to any statement in reference to
20 the financial affairs of that firm or organization with any wording
21 designating the positions, title, or office that the person holds in the
22 firm or organization, nor shall this subsection prohibit any act of a
23 public official or employee in the performance of the person's
24 duties.
- 25 h. No person holding a license or firm holding a registration
26 under **[this act]** P.L.1997, c.259 (C.45:2B-42 et seq.) shall **[engage**
27 **in the practice of public accountancy using]** use a professional or
28 firm name or designation that is misleading with regard to the form
29 in which the firm is organized, or about the persons who are
30 partners, officers, members, managers or shareholders of the firm,
31 or about any other matter, except that names of one or more former
32 partners, members, managers, or shareholders may be included in
33 the name of a firm or its successor.
- 34 i. The provisions of this section shall not apply to a person or
35 firm holding a certification, designation, degree, or license granted
36 in a foreign country, entitling the holder thereof to engage in the
37 practice of public accountancy or its equivalent in that country,
38 whose activities in this State are limited to the provision of
39 professional services to persons or firms who are residents of,
40 governments of, or business entities of the country in which the
41 person holds that entitlement, so long as that person or firm issues
42 no reports with respect to the financial statements of any other
43 persons, firms, or governmental units in this State, and does not use
44 in this State any titles or designation other than the one under which
45 the person practices in the foreign country, followed by a
46 translation of that title or designation into the English language, if it
47 is in a different language, and by the name of that country.
- 48 j. A financial services corporation, the voting stock of which is
49 traded on a recognized exchange or over-the-counter, may use the

1 truthful fact in advertising that the firm employs certified public
2 accountants.

3 k. Notwithstanding any other provision of this section, it shall
4 not be a violation of P.L.1997, c.259 (C.45:2B-42 et seq.) for a firm
5 that has not registered with the board and that does not have an
6 office in this State to use the title “CPA” or “Certified Public
7 Accountants” as part of the firm’s name and to provide professional
8 services in this State, and licensees and individuals with practice
9 privileges may provide services on behalf of that firm so long as it
10 complies with paragraph **[(2)] (1)** or paragraph **[(3)] (2)** of
11 subsection a. of section 13 of P.L.1997, c.259 (C.45:2B-54),
12 whichever is applicable. An individual or firm authorized under the
13 provisions of P.L.1997, c.259 (C.45:2B-42 et seq.) to use practice
14 privileges in this State shall comply with the requirements
15 otherwise applicable to licensees under P.L.1997, c.259 (C.45:2B-
16 42 et seq.).

17 (cf: P.L.2008, c.45, s.5)

18

19 12. Section 24 of P.L.1997, c.259 (C.45:2B-65 is amended to
20 read as follows:

21 24. Except by permission of the client engaging a licensee or
22 firm under **[this act]** P.L.1997, c.259 (C.45:2B-42 et seq.), or the
23 heirs, successors, or personal representatives of that client, no
24 licensee or partner, officer, member, manager, shareholder, or
25 employee of a licensee or firm shall disclose information
26 communicated to the licensee or firm by the client relating to and in
27 connection with services rendered to the client by the licensee or
28 firm in the practice of public accountancy. Such information shall
29 be deemed confidential; except that nothing herein shall be
30 construed as prohibiting the disclosure of information required to be
31 disclosed by the standards of the public accounting profession in
32 reporting on the examination of financial statements or as
33 prohibiting compliance with applicable laws, regulations or Public
34 Company Accounting Oversight Board requirements, or as
35 prohibiting disclosures in court proceedings, investigations or
36 proceedings under **[this act]** P.L.1997, c.259 (C.45:2B-42 et seq.),
37 in ethical investigations conducted by private professional
38 organizations, or in the course of **[quality]** peer reviews.

39 (cf: P.L.1997, c.259, s.24)

40

41 13. Section 25 of P.L.1997, c.259 (C.45:2B-66) is amended to
42 read as follows:

43 25. a. All statements, records, schedules, working papers,
44 memoranda or other records made by a licensee or a partner,
45 shareholder, officer, director, member, manager or employee of a
46 licensee or firm, incident to, or in the course of, rendering services
47 to a client in the practice of public accountancy, except the reports
48 submitted by the licensee or firm to the client and except for records

1 that are part of the client's records, shall be and remain the property
2 of the licensee or firm, unless there is an express agreement
3 between the licensee or firm and the client to the contrary. No such
4 statement, record, schedule, working paper, or memorandum shall
5 be sold, transferred, or bequeathed, without the consent of the client
6 or the client's designated representative or assignee, to anyone other
7 than one or more surviving partners, shareholders, members or new
8 partners, new shareholders, or new members of the licensee or firm,
9 or any combined or merged firm or successor in interest to the
10 licensee or firm. Nothing in this section shall prohibit any
11 temporary transfer of working papers or other material necessary in
12 the course of carrying out **quality** peer reviews or as otherwise
13 interfering with the disclosure of information pursuant to **this act**
14 P.L.1997, c.259 (C.45:2B-42 et seq.).

15 b. A licensee shall furnish to a client or former client, upon
16 request and reasonable notice:

17 (1) A copy of the licensee's working papers or other records, to
18 the extent that these would ordinarily constitute part of the client's
19 records and are not otherwise available to the client; and

20 (2) Any accounting or other records belonging to the client, or
21 obtained from or on behalf of the client, that the licensee or firm
22 removed from the client's premises or received for the client's
23 account. The licensee or firm may make and retain copies of such
24 documents of the client when they form the basis for work done by
25 the licensee or firm.

26 c. Nothing contained in this section shall require a licensee or
27 firm to keep any working papers beyond the period prescribed in
28 any other applicable statute.

29 (cf: P.L.1997, c.259, s.25)

30

31 14. Section 26 of P.L.1997, c.259 (C.45:2B-67) is amended to
32 read as follows:

33 26. a. The board may adopt regulations establishing a **Quality**
34 **Enhancement** Peer Review Program for the review of audits,
35 reviews, compilations or other reports issued by licensees or firms
36 engaged in the practice of public accountancy in this State to
37 determine whether the reports comply with accepted accounting and
38 auditing standards.

39 b. Each licensee or firm may be required to submit copies of
40 audits, reviews, compilations or other reports as required by the
41 board.

42 c. The **Quality Enhancement** Peer Review Program
43 established under this section may include procedures for review of
44 the reports submitted and for follow-up reviews and remedial and
45 other actions to be taken in cases of reports which are deficient or in
46 some other manner are not in compliance with applicable
47 accounting and auditing standards. The board may exempt firms
48 which have reports reviewed under a program conducted by other

1 states or other public or private entities which the board finds to be
2 equal to or to exceed the **【Quality Enhancement】 Peer Review**
3 Program established under **【this act】 P.L.1997, c.259 (C.45:2B-42**
4 **et seq.)**.

5 (cf: P.L.1997, c.259, s.26)

6
7 15. Section 27 of P.L.1997, c.259 (C.45:2B-68) is amended to
8 read as follows:

9 27. a. The board shall, as a condition for triennial license
10 renewal, require any person licensed as a "certified public
11 accountant," or "public accountant," to complete 120 credits of
12 continuing professional education during the immediately preceding
13 triennial period of licensure. **【Persons who are engaged in the**
14 **practice of public accountancy, or are involved with the attest**
15 **function in issuing an audit, review or compilation reports, shall**
16 **have at least 24 of the required credits in the areas of accounting or**
17 **auditing. Each credit of continuing professional education required**
18 **pursuant to this section shall represent, or be equivalent to, 50**
19 **minutes of verified course attendance at a course or seminar**
20 **approved by the board.】**

21 b. The board may, in its discretion, waive requirements for
22 continuing professional education on an individual basis for
23 hardship reasons such as health, military service, or other due cause
24 and may establish a policy for the continuing education
25 requirements for inactive or retired accountants who remain
26 certified or registered.

27 c. The board shall not require completion of continuing
28 education credits as a condition for triennial licensure for the initial
29 renewal of licensure, however, any person licensed as a "certified
30 public accountant" shall, within six months prior to initial licensure,
31 or within the first six months following initial licensure, complete
32 an orientation course in topics identified by the board, and
33 conducted by any organization recognized by the board as provided
34 in subsection d. of this section.

35 d. The board shall:

36 (1) establish standards for continuing professional education,
37 including the subject matter, contents of courses of study, and the
38 number of credits required;

39 (2) accredit educational programs and sponsors of educational
40 programs offering credit towards the continuing professional
41 education requirements; and

42 (3) accredit other equivalent educational programs, such as
43 teaching, conferences, professional seminars, technical reviews,
44 courses with non-hourly attendance, including home study courses,
45 and shall establish procedures for the issuance of credit upon
46 satisfactory proof of the completion of these programs.

47 e. A non-resident licensee seeking renewal of a license shall be
48 determined to have met the continuing professional education

1 renewal requirement under subsection a. of this section by meeting
2 the continuing professional education requirement for renewal of a
3 certificate in the state in which the licensee's principal place of
4 business is located. Non-resident licensees shall demonstrate
5 compliance with the continuing professional education renewal
6 requirements of the state in which the licensee's principal place of
7 business is located by signing a statement verifying the compliance
8 on the renewal application of this State. If a non-resident licensee's
9 principal place of business is located in a state that has no
10 continuing professional education requirements for renewal of a
11 license, then the non-resident licensee must comply with all
12 continuing professional education requirements for renewal of a
13 license under P.L.1997, c.259 (C.45:2B-42 et seq.).

14 (cf: P.L.2014, c.59, s.2)

15

16 16. This act shall take effect immediately.