

**Second Regular Session
Sixty-seventh General Assembly
STATE OF COLORADO**

PREAMENDED

*This Unofficial Version Includes Committee
Amendments Not Yet Adopted on Second Reading*

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.

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), Colorado Revised Statutes, are amended, and the
2 said 12-2-109 is further amended BY THE ADDITION OF THE
3 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 (A) MEETS THE REQUIREMENTS SET BY THE BOARD BY RULE;

12 (B) IS IN ANY TYPE OF SERVICE OR ADVICE INVOLVING THE USE OF
13 ACCOUNTING, ATTEST, COMPILATION, MANAGEMENT ADVISORY,
14 FINANCIAL ADVISORY, TAX, OR CONSULTING SKILLS, WHICH MAY BE
15 GAINED THROUGH EMPLOYMENT IN GOVERNMENT, INDUSTRY, ACADEMIA,
16 OR PUBLIC PRACTICE; AND

17 (C) IS VERIFIED BY AN ACTIVELY LICENSED CERTIFIED PUBLIC
18 ACCOUNTANT;

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

22 (a) (I) HAS A BACCALAUREATE OR HIGHER DEGREE CONFERRED BY
23 AN ACCREDITED COLLEGE OR UNIVERSITY WITH AN ACCOUNTING PROGRAM
24 APPROVED BY THE BOARD OR HAS A BACCALAUREATE WITH A
25 NONACCOUNTING CONCENTRATION SUPPLEMENTED BY WHAT THE BOARD
26 DETERMINES TO BE THE EQUIVALENT OF AN ACCOUNTING
27 CONCENTRATION, INCLUDING RELATED COURSES IN OTHER AREAS OF

1 BUSINESS ADMINISTRATION; AND

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

4 (b) HAS SUCCESSFULLY COMPLETED A COURSE OF STUDY
5 CONCERNING THE SUBJECT OF PROFESSIONAL ETHICS APPROVED BY THE
6 BOARD AND PASSED A WRITTEN EXAMINATION CONCERNING SUCH SUBJECT
7 PREPARED AND GIVEN BY EDUCATIONAL INSTITUTIONS OR PROFESSIONAL
8 ORGANIZATIONS DEEMED QUALIFIED BY THE BOARD TO ADMINISTER THE
9 EXAMINATION; AND

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

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

12 (II) IS IN ANY TYPE OF SERVICE OR ADVICE INVOLVING THE USE OF
13 ACCOUNTING, ATTEST, COMPILATION, MANAGEMENT ADVISORY,
14 FINANCIAL ADVISORY, TAX, OR CONSULTING SKILLS, WHICH MAY BE
15 GAINED THROUGH EMPLOYMENT IN GOVERNMENT, INDUSTRY, ACADEMIA,
16 OR PUBLIC PRACTICE; AND

17 (III) IS VERIFIED BY AN ACTIVELY LICENSED CERTIFIED PUBLIC
18 ACCOUNTANT WHO MEETS THE REQUIREMENTS SET BY THE BOARD BY
19 RULE.

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21 ARE REPEALED, EFFECTIVE JULY 1, 2015.

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

24 **12-2-111. Examinations - reexaminations - rules.**

25 ~~(1) Examinations provided for in this section shall be held by the board.~~
26 ~~Examinations shall be given no less than twice a year at times and~~
27 ~~locations set by the board.~~ THE BOARD SHALL PROVIDE LICENSURE

1 EXAMINATIONS AS OFTEN AS NECESSARY TO PROVIDE CANDIDATES A
2 REASONABLE OPPORTUNITY TO TAKE THE EXAMINATION. Examinations
3 shall adequately test a candidate's knowledge of accounting, auditing, and
4 any other related subject the board deems relevant and necessary. Any
5 additional examination subject shall be designated by the board by rule.
6 The board shall set the passing score for an examination at a level to
7 adequately reflect the minimum level of competency necessary for the
8 practice of accountancy.

9 (4) A candidate for a certificate of certified public accountant who
10 meets the EDUCATIONAL requirements of section 12-2-109 (1) (a) (I) or
11 ~~(1) (c)~~ SET BY THE BOARD BY RULE is entitled to TAKE AN examination.
12 ~~A candidate who will graduate from an accredited college or university~~
13 ~~within sixty days after the date of an examination and who will meet the~~
14 ~~educational requirements upon graduation is entitled to examination.~~

15 (6) If a candidate fails an examination or fails to pass in all
16 subjects as provided in subsection (5) of this section, the board may
17 require ~~him~~ THE CANDIDATE to take additional study before taking another
18 examination.

19 **SECTION 7.** The introductory portion to 12-2-123 (1) and
20 12-2-123 (1) (g) and (1) (h), Colorado Revised Statutes, are amended to
21 read:

22 **12-2-123. Grounds for disciplinary action - administrative**
23 **penalties.** (1) After notice and hearing as provided in section 12-2-125,
24 the board may deny the issuance of, refuse to renew, revoke, or suspend
25 any certificate of a certified public accountant issued under this article or
26 any prior law of this state or may fine, ~~censure~~, issue a letter of
27 admonition to, or place on probation the holder of any certificate and

1 impose other conditions or limitations for any of the following causes:

2 (g) ~~Cancellation, revocation, suspension, or refusal to renew~~
3 DISCIPLINE TAKEN AGAINST THE PERSON'S authority to practice as a
4 certified public accountant or a public accountant in any state
5 JURISDICTION;

6 (h) ~~Suspension or revocation of the~~ DISCIPLINE TAKEN AGAINST
7 THE PERSON'S right to practice before any state or federal agency OR
8 AGENCY OUTSIDE THE UNITED STATES OR THE PUBLIC COMPANY
9 ACCOUNTING OVERSIGHT BOARD, CREATED BY THE FEDERAL
10 "SARBANES-OXLEY ACT OF 2002", 15 U.S.C. SEC. 7201 ET SEQ. for
11 improper conduct or willful violation of the rules or regulations of such
12 state or federal agency OR THE PUBLIC COMPANY ACCOUNTING OVERSIGHT
13 BOARD;

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

16 **12-2-124. Revocation or suspension of partnership,**
17 **professional corporation, or limited liability company registration.**

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

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

27 (b) The cancellation, revocation, suspension, or refusal to renew

1 the authority of the partnership or any partner thereof to practice public
2 accounting in any other state JURISDICTION;

3 (c) The cancellation, revocation, suspension, or refusal to renew
4 the authority of the professional corporation, limited liability company,
5 or foreign corporation or limited liability company or any shareholder or
6 member thereof to practice public accounting in BY any other state OR
7 FEDERAL JURISDICTION , OR JURISDICTION OUTSIDE THE UNITED STATES
8 OR THE PUBLIC COMPANY ACCOUNTING OVERSIGHT BOARD, CREATED BY
9 THE FEDERAL "SARBANES-OXLEY ACT OF 2002", 15 U.S.C. SEC. 7201 ET
10 SEQ.

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

14 **12-2-123. Grounds for disciplinary action - administrative**
15 **penalties.** (1) After notice and hearing as provided in section 12-2-125,
16 the board may deny the issuance of, refuse to renew, revoke, or suspend
17 any certificate of a certified public accountant issued under this article or
18 any prior law of this state or may fine, ~~censure~~, issue a letter of
19 admonition to, or place on probation the holder of any certificate and
20 impose other conditions or limitations for any of the following causes:

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

24 (p) Habitual intemperance with respect to or excessive use of any
25 A habit-forming drug, any controlled substance as defined in section
26 12-22-303 (7), or any alcoholic beverage any of which renders him THAT
27 RENDERS THE CERTIFIED PUBLIC ACCOUNTANT unfit to practice public

1 accounting;

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

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

11 (b) ~~When a letter of admonition is sent by the board, by certified~~
12 ~~mail, to a certificate holder, such certificate holder shall be advised that~~
13 ~~he or she has the right to request in writing, within twenty days after~~
14 ~~receipt of the letter, that formal disciplinary proceedings be initiated to~~
15 ~~adjudicate the propriety of the conduct upon which the letter of~~
16 ~~admonition is based.~~

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

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

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

27 (II) ~~In any subsequent administrative~~ A proceeding against a

1 ~~certificant~~ REGISTRANT, a fine not less than one thousand dollars nor in
2 excess of ~~two~~ TEN thousand dollars PER VIOLATION.

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

5 **12-2-115. Use of the title "certified public accountant".**

6 (1) (a) ~~Any~~ A person who has received from the board and holds an
7 active certificate of certified public accountant shall be styled and known
8 as a certified public accountant and may also use the abbreviation
9 "C.P.A." ~~No other person shall assume or use the title certified public~~
10 ~~accountant or the abbreviation "C.P.A." or any other word, words, letters,~~
11 ~~or figures to indicate that the person using the same is a certified public~~
12 ~~accountant, except as provided in section 12-2-115.5 or 12-2-121 (2).~~
13 ~~The terms "chartered accountant" and "certified accountant" and the~~
14 ~~abbreviation "C.A." are specifically prohibited to such other persons as~~
15 ~~being misleading to the public.~~

16 (b) A PARTNERSHIP, PROFESSIONAL CORPORATION, OR LIMITED
17 LIABILITY COMPANY OF CERTIFIED PUBLIC ACCOUNTANTS THAT IS
18 REGISTERED UNDER THIS ARTICLE MAY USE THE WORDS "CERTIFIED PUBLIC
19 ACCOUNTANTS" OR THE ABBREVIATION "C.P.A.S" IN CONNECTION WITH
20 ITS PARTNERSHIP, PROFESSIONAL CORPORATION, OR LIMITED LIABILITY
21 COMPANY NAME.

22 (2) ~~Any~~ A person authorized to use the title "certified public
23 accountant" or the abbreviation "C.P.A." shall provide to any client
24 residing in or headquartered in Colorado, during the course of an
25 engagement, an address and telephone number for the certified public
26 accountant's firm or, in the case of a sole practitioner, the address and
27 telephone number of the sole practitioner.

1 (3) (a) EXCEPT AS AUTHORIZED IN SUBSECTION (4) OF THIS
2 SECTION, A PERSON SHALL NOT ASSUME OR USE THE TITLE OR
3 DESIGNATION "CERTIFIED PUBLIC ACCOUNTANT", THE ABBREVIATION
4 "C.P.A.", OR ANY OTHER TITLE, DESIGNATION, WORDS, LETTERS,
5 ABBREVIATION, SIGN, CARD, OR DEVICE TENDING TO INDICATE THAT SUCH
6 PERSON IS A CERTIFIED PUBLIC ACCOUNTANT UNLESS THE PERSON HOLDS
7 A CERTIFICATE AS A CERTIFIED PUBLIC ACCOUNTANT ISSUED UNDER THIS
8 ARTICLE OR UNDER THE LAWS OF ANY OTHER STATE. A PERSON WHO IS
9 INACTIVE PURSUANT TO SECTION 12-2-122.5 MAY USE THE TITLE
10 "INACTIVE CERTIFIED PUBLIC ACCOUNTANT" OR "INACTIVE C.P.A."

11 (b) EXCEPT AS AUTHORIZED BY SUBSECTION (1) OR (4) OF THIS
12 SECTION, AN INDIVIDUAL, PARTNERSHIP, PROFESSIONAL CORPORATION, OR
13 LIMITED LIABILITY COMPANY SHALL NOT ASSUME OR USE ANY TITLE OR
14 DESIGNATION USING THE WORD "CERTIFIED", "REGISTERED",
15 "CHARTERED", "ENROLLED", "LICENSED", "INDEPENDENT", OR "APPROVED"
16 IN CONJUNCTION WITH THE WORD ACCOUNTANT OR AUDITOR OR ANY
17 ABBREVIATION THEREOF OR ANY TITLE, DESIGNATION, OR ABBREVIATION
18 LIKELY TO BE CONFUSED WITH "CERTIFIED PUBLIC ACCOUNTANT" OR THE
19 ABBREVIATION "C.P.A.", INCLUDING THE TERMS "CHARTERED
20 ACCOUNTANT" AND "CERTIFIED ACCOUNTANT" AND THE ABBREVIATION
21 "C.A."

22 (c) EXCEPT AS AUTHORIZED IN SUBSECTION (4) OF THIS SECTION,
23 A PARTNERSHIP, PROFESSIONAL CORPORATION, OR LIMITED LIABILITY
24 COMPANY SHALL NOT ASSUME OR USE THE TITLE OR DESIGNATION
25 "CERTIFIED PUBLIC ACCOUNTANTS", THE ABBREVIATION "C.P.A.S", OR
26 ANY OTHER TITLE, DESIGNATION, WORDS, LETTERS, ABBREVIATION, SIGN,
27 CARD, OR DEVICE TENDING TO INDICATE THAT SUCH PARTNERSHIP,

1 PROFESSIONAL CORPORATION, OR LIMITED LIABILITY COMPANY IS
2 COMPOSED OF CERTIFIED PUBLIC ACCOUNTANTS UNLESS SUCH
3 PARTNERSHIP, PROFESSIONAL CORPORATION, OR LIMITED LIABILITY
4 COMPANY IS REGISTERED AS A PARTNERSHIP, PROFESSIONAL
5 CORPORATION, OR LIMITED LIABILITY COMPANY OF CERTIFIED PUBLIC
6 ACCOUNTANTS UNDER THIS ARTICLE OR THE LAWS OF ANY OTHER STATE.

7 (4) (a) A CERTIFIED PUBLIC ACCOUNTANT FROM ANOTHER STATE
8 OR JURISDICTION OF THE UNITED STATES WHO IS PRACTICING IN THIS
9 STATE PURSUANT TO SECTION 12-2-121 MAY USE THE TITLE "CERTIFIED
10 PUBLIC ACCOUNTANT", THE ABBREVIATION "C.P.A.", OR ANY OTHER
11 TITLE, DESIGNATION, WORDS, LETTERS, ABBREVIATION, SIGN, CARD, OR
12 DEVICE TENDING TO INDICATE THAT THE PERSON IS A CERTIFIED PUBLIC
13 ACCOUNTANT.

14 (b) A FOREIGN PARTNERSHIP, CORPORATION, LIMITED
15 PARTNERSHIP, LIMITED LIABILITY LIMITED PARTNERSHIP, OR LIMITED
16 LIABILITY COMPANY THAT IS PRACTICING IN THIS STATE PURSUANT TO
17 SECTION 12-2-121 MAY USE THE TITLE OR DESIGNATION "CERTIFIED
18 PUBLIC ACCOUNTANTS", THE ABBREVIATION "C.P.A.S", OR ANY OTHER
19 TITLE, DESIGNATION, WORDS, LETTERS, ABBREVIATION, SIGN, CARD, OR
20 DEVICE TENDING TO INDICATE THAT THE PARTNERSHIP, CORPORATION, OR
21 LIMITED LIABILITY COMPANY IS COMPOSED OF CERTIFIED PUBLIC
22 ACCOUNTANTS.

23 **SECTION 11.** The introductory portion to 12-2-117 (1) and
24 12-2-117 (2) (b), Colorado Revised Statutes, are amended, and the said
25 12-2-117 is further amended BY THE ADDITION OF A NEW
26 SUBSECTION, to read:

27 **12-2-117. Partnerships, professional corporations, and limited**

1 **liability companies composed of certified public accountants -**
2 **registration thereof - definitions.** (1) Except as provided in section
3 12-2-121 (2), a partnership, professional corporation, or limited liability
4 company engaged in this state in the practice of public accounting as
5 certified public accountants shall register ~~once every three years~~ with the
6 board as a partnership, professional corporation, or limited liability
7 company of certified public accountants and must meet the following
8 requirements; and, as used in this article, "partnership" includes a
9 registered limited partnership, limited liability partnership, limited
10 liability limited partnership, foreign limited partnership, foreign limited
11 liability partnership, and foreign limited liability limited partnership:

12 (2) (b) The board shall in each case determine whether the
13 applicant is eligible for registration. ~~A partnership, professional~~
14 ~~corporation, or limited liability company which is so registered may use~~
15 ~~the words "certified public accountants" or the abbreviation "C.P.A.s" in~~
16 ~~connection with its partnership, professional corporation, or limited~~
17 ~~liability company name.~~

18 (2.2) EACH FIRM REGISTRATION EXPIRES PURSUANT TO A
19 SCHEDULE ESTABLISHED BY THE DIRECTOR OF THE DIVISION OF
20 REGISTRATIONS WITHIN THE DEPARTMENT OF REGULATORY AGENCIES. THE
21 REGISTRANT SHALL RENEW OR REINSTATE THE REGISTRATION TO BE
22 CERTIFIED. THE DIRECTOR OF THE DIVISION OF REGISTRATIONS WITHIN
23 THE DEPARTMENT OF REGULATORY AGENCIES MAY ESTABLISH RENEWAL
24 FEES AND DELINQUENCY FEES FOR REINSTATMENT PURSUANT TO SECTION
25 24-34-105, C.R.S. IF A FIRM FAILS TO RENEW ITS REGISTRATION
26 PURSUANT TO THE SCHEDULE ESTABLISHED BY THE DIRECTOR OF THE
27 DIVISION OF REGISTRATIONS, THE REGISTRATION SHALL EXPIRE. A FIRM

1 WHOSE REGISTRATION HAS EXPIRED SHALL BE SUBJECT TO THE PENALTIES
2 PROVIDED IN THIS ARTICLE OR SECTION 24-34-102 (8), C.R.S.

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

5 12-2-120. Unlawful acts. (1) Except as provided in section
6 12-2-121 (2), no person shall assume or use the title or designation
7 "certified public accountant" or the abbreviation "C.P.A.", or any other
8 title, designation, words, letters, abbreviation, sign, card, or device
9 tending to indicate that such person is a certified public accountant unless
10 such person holds an active certificate as a certified public accountant
11 under section 12-2-108, 12-2-109, or 12-2-113, or a prior law of this
12 state.

13 (2) Except as provided in section 12-2-121 (2), no partnership,
14 professional corporation, or limited liability company shall assume or use
15 the title or designation "certified public accountants" or the abbreviation
16 "C.P.A.s", or any other title, designation, words, letters, abbreviation,
17 sign, card, or device tending to indicate that such partnership,
18 professional corporation, or limited liability company is composed of
19 certified public accountants unless such partnership, professional
20 corporation, or limited liability company is registered as a partnership,
21 professional corporation, or limited liability company of certified public
22 accountants under section 12-2-117.

23 (5) Except as provided in sections 12-2-115, 12-2-117 (2) (b), and
24 12-2-121 (2), no person, partnership, professional corporation, or limited
25 liability company shall assume or use any title or designation using the
26 word "certified", "registered", "chartered", "enrolled", "licensed",
27 "independent", or "approved" in conjunction with the word accountant or

1 ~~auditor or any abbreviation thereof or any title, designation, or~~
2 ~~abbreviation likely to be confused with "certified public accountant" or~~
3 ~~the abbreviation "C.P.A."~~

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

8 (II) Issuing or authoring ~~any such~~ AN opinion or certificate
9 utilizing any wording designating the position, title, or office ~~which he~~
10 ~~THAT THE PERSON~~ holds relating to any statement or report in reference
11 to the financial affairs of such corporation, partnership, limited liability
12 company, or individual.

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

15 **12-2-121. Exceptions - acts not prohibited - rules.**

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

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

23 (III) ~~A foreign partnership, corporation, limited partnership,~~
24 ~~limited liability limited partnership, or limited liability company that is~~
25 ~~practicing in this state pursuant to this subsection (2) from using the title~~
26 ~~or designation "certified public accountants" or the abbreviation~~
27 ~~"C.P.A.s", or any other title, designation, words, letters, abbreviation,~~

1 ~~sign, card, or device tending to indicate that the partnership, corporation,~~
2 ~~or limited liability company is composed of certified public accountants.~~

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

5 **12-2-122. Single act evidence of practice.** Any person who
6 displays, utters, or causes to be displayed or uttered a card, sign,
7 advertisement, or other printed, engraved, or written instrument or device
8 bearing such person's name in conjunction with the words "certified
9 public accountant", ~~or~~ the abbreviation "C.P.A.", or any title, designation,
10 or abbreviation prohibited by section ~~12-2-120~~ 12-2-115 may be
11 presumed in any action brought under section 12-2-126 to have held
12 himself OR HERSELF out to be a certified public accountant holding an
13 active certificate of certified public accountant pursuant to section
14 12-2-108. In any legal action brought under this article, evidence of the
15 commission of a single act prohibited by this article is sufficient to justify
16 an injunction.

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

19 **12-2-129. Unauthorized practice - penalties.** Any person who
20 violates section 12-2-115 OR 12-2-120 ~~(1), (2), (5), or (6)~~ (a) commits a
21 class 2 misdemeanor and shall be punished as provided in section
22 18-1.3-501, C.R.S., for the first offense, and, for the second or any
23 subsequent offense, the person commits a class 6 felony and shall be
24 punished as provided in section 18-1.3-401, C.R.S.

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

27 **12-2-104. Powers and duties of board.** (1) The board has the

1 power and duty to:

2 (a) Elect annually from among its members a president CHAIR and
3 prescribe the duties of such office;

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

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

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

18 (2) A fee authorized to be established pursuant to section
19 24-34-105, C.R.S., shall be paid for each examination in which the
20 candidate is examined in the subjects prescribed by the board.

21 ~~Examination fees required in this subsection (2) are in addition to the fee~~
22 ~~required in subsection (1) of this section and shall be returned to the~~
23 ~~candidate should the board deny the candidate the right to take the~~
24 ~~examination or the candidate request in writing, not less than thirty days~~
25 ~~prior to the date fixed by the board for the examination, that the~~
26 ~~application be withdrawn.~~

27 (3) Any person making application for a certificate of certified

1 public accountant under section 12-2-113 shall pay a fee authorized to be
2 established pursuant to section 24-34-105, C.R.S., in addition to the fee
3 required in subsection (1) of this section. ~~Should such application be~~
4 ~~rejected by the board, the fee shall be returned to the applicant.~~

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

7 **SECTION 18.** The introductory portion to 12-2-112 (1) and
8 12-2-112 (1) (a), Colorado Revised Statutes, are amended to read:

9 **12-2-112. Approval of schools.** (1) The board shall approve the
10 accounting program of ~~such~~ THE schools ~~as~~ THAT meet the following
11 requirements:

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

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

17 **12-2-113. Issuance of certificate by reciprocity or by passing**
18 **examination of another state.** (1) The board, in its discretion, may
19 waive the examination of persons qualified under this subsection (1) and
20 may issue a certificate of certified public accountant to:

21 (b) ~~Any~~ A person who has passed an examination under the laws
22 of another state and who possesses the qualifications prescribed in section
23 12-2-108 at the time ~~he~~ THE PERSON applies for a certificate in this state
24 or possesses substantially equivalent qualifications; or

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

27 **12-2-114. Existing certificates confirmed.** ~~(1) No person who,~~

1 ~~on or before August 1, 1959, holds a certified public accountant~~
2 ~~certificate previously issued under the laws of this state shall be required~~
3 ~~to secure an additional certificate under this article but shall otherwise be~~
4 ~~subject to all the provisions of this article. Such certificate previously~~
5 ~~issued shall, for all purposes, be considered a certificate issued under this~~
6 ~~article.~~

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

8 **SECTION 21. Repeal.** 12-2-116, Colorado Revised Statutes, is
9 repealed as follows:

10 **12-2-116. Registered accountants.** Any person who holds a
11 certificate of registered accountant issued under the laws of this state shall
12 be subject to all the provisions of this article. For the purposes of this
13 article, certified public accountant and registered accountant shall be
14 deemed synonymous and all references in this article to certified public
15 accountants shall likewise refer and pertain to registered accountants.

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

18 **12-2-121. Exceptions - acts not prohibited - rules.**

19 (2) (a) Nothing in this article shall prohibit a certified public accountant
20 or a registered public accountant whose principal place of business is
21 located in another state or jurisdiction of the United States, from
22 practicing in this state on professional business, as defined by rules
23 promulgated by the board. Such practice shall be conducted in
24 conformity with rules promulgated by the board. Notwithstanding the
25 requirements of section 12-2-117, a foreign partnership, corporation,
26 limited partnership, limited liability limited partnership, or limited
27 liability company may engage in the practice of accountancy in this state

1 without registering with the board.

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

4 **12-2-122.5. Inactive certificant.** (1) The holder of a certificate
5 of certified public accountant, upon written notice by first class mail to
6 the board, shall have his or her name transferred to an inactive list and
7 shall not be required to comply with the continuing education
8 requirements for certificate renewal pursuant to section 12-2-119 so long
9 as he or she remains inactive. Each inactive certificant shall register once
10 every two years with the board in the same manner as active certificate
11 holders and pay a fee pursuant to section 12-2-108 (3). At such time as
12 an inactive certificant wishes to resume the practice of public accounting
13 as a certified public accountant, he or she shall file an application
14 therefor, meet any education requirements imposed by the board, and pay
15 a fee as established by the ~~board~~ DIRECTOR OF THE DIVISION OF
16 REGISTRATIONS WITHIN THE DEPARTMENT OF REGULATORY AGENCIES.

17 (2) During such time as a certified public accountant remains in
18 an inactive status, ~~he~~ THE ACCOUNTANT shall not perform those acts
19 restricted to active certified public accountants pursuant to section
20 12-2-120 (6) (a). The board shall retain jurisdiction over inactive
21 certified public accountants for the purposes of disciplinary action
22 pursuant to section 12-2-123.

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

25 **12-2-123.5. Response to board communication.** ~~Except as~~
26 ~~otherwise provided in section 12-2-123 (3),~~ A certificant shall, at the
27 request of the board, respond to communications from the board within

1 ~~thirty days of~~ AFTER the mailing of any communication. ~~by registered or~~
2 ~~certified mail.~~

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

5 **12-2-125. Hearings before board - notice - procedure - review.**

6 (3) If, after having been served with the notice of hearing as provided for
7 in this section, the accused fails to appear at ~~said~~ THE hearing and defend,
8 the board may proceed to hear evidence against him OR HER and may
9 enter such order as is justified by the evidence, which order shall be final
10 unless he OR SHE petitions for a review thereof as provided in this section.

11 Within thirty days after the date of any order, upon a showing of good
12 cause for failing to appear and defend, the board may reopen ~~said~~ THE
13 proceedings and may permit the accused to submit evidence in his OR HER
14 behalf.

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

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

21 **12-2-126. Investigations, examinations, and cease-and-desist**
22 **orders against unlawful act.** (1) (b) (II) ~~If the investigation discloses~~

23 ~~an instance of conduct which, in the opinion of the board, does not~~
24 ~~warrant formal action but in which the board has noticed indications of~~
25 ~~possible errant conduct by the certificate holder that could lead to serious~~
26 ~~consequences if not corrected, a confidential letter of concern shall be~~
27 ~~sent to the certificate holder against whom a complaint was made. If the~~

1 board learns of second or subsequent actions of the same or similar nature
2 by the certificate holder, the board shall not issue a confidential letter of
3 concern but shall take such other course of action as it deems appropriate.

4 UPON COMPLETING AN INVESTIGATION, THE DIRECTOR SHALL MAKE ONE
5 OF THE FOLLOWING FINDINGS:

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

8 (B) THERE IS NO REASONABLE CAUSE TO WARRANT FURTHER
9 ACTION.

10 (C) THE INVESTIGATION DISCLOSES AN INSTANCE OF CONDUCT
11 THAT DOES NOT WARRANT FORMAL ACTION, BUT THE INVESTIGATION
12 DISCLOSES INDICATIONS OF POSSIBLE ERRANT CONDUCT THAT COULD LEAD
13 TO SERIOUS CONSEQUENCES IF NOT CORRECTED. IF THIS FINDING IS MADE,
14 THE DIRECTOR SHALL SEND A CONFIDENTIAL LETTER OF CONCERN TO THE
15 LICENSEE.

16 (D) THE INVESTIGATION DISCLOSES AN INSTANCE OF CONDUCT
17 THAT DOES NOT WARRANT FORMAL ACTION BUT SHOULD NOT BE
18 DISMISSED AS BEING WITHOUT MERIT. IF THIS FINDING IS MADE, THE
19 DIRECTOR SHALL SEND A LETTER OF ADMONITION TO THE LICENSEE BY
20 CERTIFIED MAIL.

21 (E) THE INVESTIGATION DISCLOSES FACTS THAT WARRANT
22 FURTHER PROCEEDINGS BY FORMAL COMPLAINT. IF THIS FINDING IS MADE,
23 THE DIRECTOR SHALL REFER THE COMPLAINT TO THE ATTORNEY GENERAL
24 FOR PREPARATION AND FILING OF A FORMAL COMPLAINT.

25 (III) (A) WHEN A LETTER OF ADMONITION IS SENT TO A LICENSEE,
26 THE DIRECTOR SHALL INCLUDE IN THE LETTER A NOTICE THAT THE
27 LICENSEE HAS THE RIGHT TO REQUEST IN WRITING, WITHIN TWENTY DAYS

1 AFTER RECEIPT OF THE LETTER, THAT FORMAL DISCIPLINARY PROCEEDINGS
2 BE INITIATED TO ADJUDICATE THE PROPRIETY OF THE CONDUCT UPON
3 WHICH THE LETTER OF ADMONITION IS BASED.

4 (B) IF THE REQUEST FOR ADJUDICATION IS TIMELY MADE, THE
5 LETTER OF ADMONITION IS VACATED AND THE DIRECTOR SHALL PROCEED
6 BY MEANS OF FORMAL DISCIPLINARY PROCEEDINGS.

7 (IV) THE DIRECTOR SHALL CONDUCT ALL PROCEEDINGS PURSUANT
8 TO THIS SUBSECTION (2) EXPEDITIOUSLY AND INFORMALLY SO THAT NO
9 LICENSEE IS SUBJECTED TO UNFAIR AND UNJUST CHARGES AND THAT NO
10 COMPLAINANT IS DEPRIVED OF THE RIGHT TO A TIMELY, FAIR, AND PROPER
11 INVESTIGATION OF A COMPLAINT.

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

14 **12-2-130. Ownership of accountant's working papers.** All
15 statements, records, schedules, working papers, and memoranda made by
16 a certified public accountant ~~or registered accountant~~ incident to or in the
17 course of professional service to a client by ~~such certified public~~ THE
18 accountant, ~~or registered accountant~~, except reports submitted by a
19 certified public accountant ~~or registered accountant~~ to a client and books
20 and records prepared for the use of the client, shall be and remain the
21 property of ~~such certified public~~ THE accountant ~~or registered accountant~~
22 in the absence of an express agreement to the contrary between the
23 certified public accountant ~~or registered accountant~~ and the client.

24 SECTION 28. **Specified effective date.** This act shall take effect
25 July 1, 2010.

26 SECTION 29. **Safety clause.** The general assembly hereby finds,

- 1 determines, and declares that this act is necessary for the immediate
- 2 preservation of the public peace, health, and safety.