

## **SB 797 -1 STAFF MEASURE SUMMARY**

### **Senate Committee On Labor and Business**

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**Meeting Dates:** 2/13

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#### **WHAT THE MEASURE DOES:**

The measure modifies Oregon laws regulating the licensing of certified public accounts and public accounts. Makes technical and conforming amendments.

#### Detailed Summary:

##### **Section 1**

Redefines "certified public accountant," "client," "license," "principal place of business," and "state" for purposes of accountancy law in Oregon. Replaces definition of "licensee" with "Oregon licensee" and defines it as a holder of a license issued by this state. Redefines definition of "professional." Replaces definition of "substantial equivalency" with "substantially equivalent." Expands pathways to become a certified public accountant in Oregon through definition of "substantially equivalent."

##### **Section 2**

Specifies process and general qualifications for persons seeking admission to take certified public accountant examination to obtain either a certified public account license or public accountant license.

##### **Section 3**

Specifies general content of certified public accountant examination.

##### **Section 4**

Makes technical amendment.

##### **Section 5**

Specifies that section 6 of the measure is added to ORS 673.010 to ORS 673.465, which pertains to licensing for certified public accountants and public accountants.

##### **Section 6**

Specifies who the Oregon Board of Accountancy (board) may issue a certified public accountant license to, including required experience and proof of experience. Specifies that a certified public accountant license expires every two years.

##### **Section 7**

Specifies requirements for a person to obtain a public accountant license. Removes requirement that an applicant for a public accountant license take an examination for the certificate of certified public accountant and receive a passing grade in those sections of the examination that the board may require by rule. Specifies that a public accountant may not perform audits.

##### **Section 8**

Specifies that sections 9 and 10 of the measure are added to ORS 673.010 to ORS 673.465, which pertains to licensing for certified public accountants and public accountants.

**Section 9**

Specifies process and requirements for the board to issue a certified public accountant license to a person who is licensed in good standing as a certified public accountant in another state.

**Section 10**

Defines "foreign country." Specifies process and requirements for the board to issue a certified public accountant license to a person who holds a certified public accountant license or chartered accountant certificate issued in a foreign country.

**Section 11**

Specifies process to renew a license issued by the board every two years. Specifies process for board to restore a lapsed license.

**Section 12**

Modifies requirements for a person licensed in another state to practice public accountancy in Oregon.

**Section 13**

Adds option for a business organization of certified public accountants or of public accountants to register with the board, all owners of the business organization who are not licensed have an employee stock ownership plan as described by the board by rule. Makes conforming amendments and technical amendments.

**Section 14**

Makes conforming amendment.

**Section 15**

Specifies disciplinary action board may take, including revoking, suspending, refusing to renew, or limiting the privileges of any license or registration issued by the board. Permits the board to deny any applicant or issue letters of censure to any person. Specifies when the board may take these disciplinary actions.

**Section 16**

Makes conforming amendments.

**Section 17**

Makes conforming amendment.

**Section 18**

Permits the board to grant inactive status to an Oregon licensee upon application and prohibits a person with inactive status from practicing public accountancy unless permitted by board rule. Specifies who the board may not grant inactive status to.

**Section 19**

Makes conforming amendments.

**Section 20**

Makes conforming amendment.

**Section 21**

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Makes conforming amendments.

### **Section 22**

Makes conforming amendments.

### **Section 23**

Makes conforming and technical amendments.

### **Section 24**

Specifies that six of the seven members of the board must be either a certified public accountant or a public accountant and actively engaged in public accountancy practice. Removes requirement that one board member must have a current permit as a certified public accountant and be employed in private industry, education, or government, or actively engaged in public accountancy practice. Removes requirement that one board member must be licensed as a public accountant and actively engaged in public accountancy practice.

### **Section 25**

Specifies that modifications made to board membership by section 24 of the measure do not affect the term of office of any member of the board appointed prior to and serving on the effective date of the measure.

### **Section 26**

Makes conforming amendment.

### **Section 27**

Makes conforming amendment.

### **Section 28**

Makes conforming and technical amendments.

### **Section 29**

Makes conforming amendment.

### **Section 30**

Makes conforming amendments.

### **Section 31**

Makes conforming amendment.

### **Section 32**

Makes conforming amendment.

### **Section 33**

Makes conforming amendment.

### **Section 34**

Makes technical and conforming amendments.

### **Section 35**

Makes conforming amendment.

**Section 36**

Makes conforming amendments.

**Section 37**

Repeals ORS 673.040, which specified the requirements to obtain a certificate as a certified public accountant.  
Repeals ORS 673.103, which prohibits public accountants from performing audits.

Fiscal impact: May have fiscal impact, but no statement yet issued

Revenue impact: May have revenue impact, but no statement yet issued

**ISSUES DISCUSSED:**

**EFFECT OF AMENDMENT:**

-1 The amendment replaces the definition of "substantially equivalent."

Fiscal impact: May have fiscal impact, but no statement yet issued

Revenue impact: May have revenue impact, but no statement yet issued

**BACKGROUND:**

The Oregon Board of Accountancy (board) consists of seven members, serving three year terms. The board is tasked with regulating the practice of public accountancy by persons acting as certified public accounts or public accountants. The board also has authority to adopt rules for professional conduct to assist in controlling the quality of services offered by certified public accountants and public accountants. Rules of professional conduct include competency and technical expertise required to practice public accountancy, and responsibilities to the public and clients. The board is also able to impose discipline upon certified public accountants or public accountants for cause, which may include acts of fraud, deceit, or incompetence.

Senate Bill 797 modifies Oregon laws regulating the licensing of certified public accounts and public accounts.