

CHAPTER NO. 684

SENATE BILL NO. 489

INTRODUCED BY RASMUSSEN

BY REQUEST OF THE BOARD OF PUBLIC ACCOUNTANTS

IN THE SENATE

February 12, 1979	Introduced and referred to Committee on State Administration.
February 15, 1979	Fiscal note requested.
February 19, 1979	Committee recommend bill do pass as amended. Report adopted.
February 20, 1979	Printed and placed on members' desks.
February 21, 1979	Fiscal note returned.
	Rules suspended so that Statement of Intent allowed to be attached prior to second reading.
	Second reading, do pass.
February 22, 1979	Considered correctly engrossed.
February 23, 1979	Third reading, passed. Transmitted to second house.

IN THE HOUSE

February 27, 1979	Introduced and referred to Committee on Business and Industry.
March 7, 1979	Committee recommend bill be concurred in as amended. Report adopted.
March 8, 1979	Second reading, concurred in.

March 12, 1979

Third reading, concurred in  
as amended.

IN THE SENATE

March 13, 1979	Returned from second house. Concurred in as amended.
March 14, 1979	Second reading, pass con- sideration.
March 15, 1979	Second reading, amendments rejected.
March 16, 1979	On motion Joint Conference Committee requested.
March 17, 1979	Joint Conference Committee appointed.
March 23, 1979	Joint Conference Committee reported.
March 24, 1979	Second reading, pass con- sideration.
March 26, 1979	Second reading, adopted.
March 27, 1979	Third reading, adopted.
March 30, 1979	Adopted by House.
March 31, 1979	Sent to enrolling.
April 6, 1979	Correctly enrolled.
	Signed by President.
April 7, 1979	Delivered to Governor.
April 13, 1979	Returned from Governor with recommended amendments.
April 16, 1979	Second reading, amendments adopted.
April 17, 1979	Third reading, amendments adopted. Transmitted to second house.

IN THE HOUSE

April 18, 1979

On motion Governor's amendments placed on second reading this day.

Governor's amendments adopted on second reading.

Governor's amendments adopted on third reading.

IN THE SENATE

April 19, 1979

Returned from second house.  
Sent to enrolling.

Reported correctly enrolled.

1 *Asa* BILL NO. 489  
 2 INTRODUCED BY Rasmussen  
 3 BY REQUEST OF THE BOARD OF PUBLIC ACCOUNTANTS  
 4  
 5 A BILL FOR AN ACT ENTITLED: "AN ACT TO REESTABLISH THE  
 6 BOARD OF PUBLIC ACCOUNTANTS AND TO GENERALLY REVISE THE  
 7 AUTHORITY OF THE BOARD WITH REGARD TO CERTIFICATION AND  
 8 LICENSING; AMENDING SECTIONS 2-8-103, 2-15-1641, 37-50-102,  
 9 37-50-201 THROUGH 37-50-203, 37-50-301, 37-50-302,  
 10 37-50-305, 37-50-308, 37-50-309, 37-50-314, 37-50-315,  
 11 37-50-321, 37-50-331 THROUGH 37-50-335, MCA; AND REPEALING  
 12 SECTIONS 37-50-303, 37-50-304, 37-50-306, 37-50-307, AND  
 13 37-50-312, MCA; AND PROVIDING AN EFFECTIVE DATE."  
 14  
 15 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:  
 16  
 17 NEW SECTION. Section 1. Board reestablished. The  
 18 board of public accountants created by 2-15-1641 is  
 19 reestablished for a period of 6 years pursuant to 2-8-122.  
 20  
 21 Section 2. Section 2-8-103, MCA, is amended to read:  
 22  
 23 "2-8-103. Agencies to terminate. (1) The following  
 24 agencies shall terminate on July 1, 1979:  
 25  
 26 (a) board of abstracters, department of professional  
 27 and occupational licensing, created by 2-15-1643;  
 28  
 29 ~~tbj--board--of--public--accountants--department--of~~  
 30 ~~professional--and--occupational--licensing--created--by~~

1 2-15-1643;  
 2 ~~tetjkl~~ board of architects, department of professional  
 3 and occupational licensing, created by 2-15-1651;  
 4 ~~tetjkl~~ state banking board, department of business  
 5 regulation, created by 2-15-1803;  
 6 ~~tetjkl~~ state electrical board, department of  
 7 professional and occupational licensing, created by  
 8 2-15-1654;  
 9 ~~tetjkl~~ board of professional engineers and land  
 10 surveyors, department of professional and occupational  
 11 licensing, created by 2-15-1653;  
 12 ~~tetjkl~~ office of commissioner of insurance and the  
 13 insurance department, state auditor's office, created by  
 14 2-15-1902 and 2-15-1903;  
 15 ~~tetjkl~~ office of the investment commissioner, state  
 16 auditor's office, created by 2-15-1901;  
 17 ~~tetjkl~~ board of landscape architects, department of  
 18 professional and occupational licensing, created by  
 19 2-15-1652;  
 20 ~~tetjkl~~ board of county printing, department of  
 21 community affairs, created by 2-15-1102;  
 22 ~~tetjkl~~ board of plumbers, department of professional  
 23 and occupational licensing, created by 2-15-1655;  
 24 ~~tetjkl~~ board of real estate, department of  
 25 professional and occupational licensing, created by

1 2-15-1642;

2       state board of warm air heating, ventilation,  
3 and air conditioning, department of professional and  
4 occupational licensing, created by 2-15-1656;

5       final board of institutions, department of  
6 institutions, created by 2-15-2303.

7       (2) The following agencies shall terminate on July 1,  
8 1981:

9       (a) commission for human rights, department of labor  
10 and industry, created by 2-15-1706;

11       (b) board of athletics, department of professional and  
12 occupational licensing, created by 2-15-1661;

13       (c) board of barbers, department of professional and  
14 occupational licensing, created by 2-15-1625;

15       (d) board of chiropractors, department of professional  
16 and occupational licensing, created by 2-15-1613;

17       (e) board of cosmetologists, department of  
18 professional and occupational licensing, created by  
19 2-15-1626;

20       (f) board of dentists, department of professional and  
21 occupational licensing, created by 2-15-1606;

22       (g) board of hearing aid dispensers, department of  
23 professional and occupational licensing, created by  
24 2-15-1616;

25       (h) board of massage therapists, department of

1 professional and occupational licensing, created by  
2 2-15-1627;

3       (i) Montana state board of medical examiners,  
4 department of professional and occupational licensing,  
5 created by 2-15-1605;

6       (j) board of morticians, department of professional  
7 and occupational licensing, created by 2-15-1619;

8       (k) board of nursing, department of professional and  
9 occupational licensing, created by 2-15-1610;

10       (l) board of nursing home administrators, department  
11 of professional and occupational licensing, created by  
12 2-15-1611;

13       (m) board of optometrists, department of professional  
14 and occupational licensing, created by 2-15-1612;

15       (n) board of osteopathic physicians, department of  
16 professional and occupational licensing, created by  
17 2-15-1607;

18       (o) board of pharmacists, department of professional  
19 and occupational licensing, created by 2-15-1609;

20       (p) board of podiatry examiners, department of  
21 professional and occupational licensing, created by  
22 2-15-1608;

23       (q) board of psychologists, department of professional  
24 and occupational licensing, created by 2-15-1617;

25       (r) board of radiologic technologists, department of

1 professional and occupational licensing, created by  
 2 2-15-1614;

3 (s) board of speech pathologists and audiologists,  
 4 department of professional and occupational licensing,  
 5 created by 2-15-1615;

6 (t) board of veterinarians, department of professional  
 7 and occupational licensing, created by 2-15-1618;

8 (u) board of veterans' affairs, department of social  
 9 and rehabilitation services, created by 2-15-2202.

10 (3) The following units of state government shall  
 11 terminate on July 1, 1983:

12 (a) board of aeronautics, department of community  
 13 affairs, created by 2-15-1103;

14 (b) state board of health insurance, department of  
 15 agriculture, created by 2-15-3003;

16 (c) board of horseracing, department of professional  
 17 and occupational licensing, created by 2-15-1662;

18 (d) board of livestock, department of livestock,  
 19 created by 2-15-3102;

20 (e) board of milk control, department of business  
 21 regulation, created by 2-15-1802;

22 (f) board of oil and gas conservation, department of  
 23 natural resources and conservation, created by 2-15-3303;

24 (g) Montana outfitters council, department of fish and  
 25 game, created by 2-15-3403;

1 (h) public service commission, department of public  
 2 service regulation, created by 69-1-102;

3 (i) board of sanitarians, department of professional  
 4 and occupational licensing, created by 2-15-1631;

5 (j) board of water and wastewater operators,  
 6 department of health and environmental sciences, created by  
 7 2-15-2105;

8 (k) board of water well contractors, department of  
 9 professional and occupational licensing, created by  
 10 2-15-1632.

11 ~~(l) The following agency terminates on July 1, 1985:~~  
 12 ~~the board of public accountants created by 2-15-1661a~~

13 Section 3. Section 2-15-1641, MCA, is amended to read:  
 14 "2-15-1641. Board of public accountants. (1) There is  
 15 a board of public accountants.

16 (2) The board consists of ~~five~~ ~~nine~~ members appointed  
 17 by the governor. The members are:

18 (a) ~~three~~ ~~four~~ certified public accountants certified  
 19 under 37-50-302 Title 37, Chapter 50, who have been are  
 20 certified and actively engaged in the practice of public  
 21 accounting and ~~who have held a valid certificate for at~~  
 22 least 5 years before their appointment. The Montana society  
 23 of certified public accountants shall submit to the governor  
 24 biennially annually a list of names of two candidates from  
 25 which the appointments of these members may be made.

1 However, the governor is not restricted to the names on this  
 2 list. These members may not be residents of the same county.  
 3 ~~If~~ one certified public accountant who is not  
 4 actively engaged in the practice of public accounting and  
 5 who has been certified for at least 5 years before his  
 6 appointment. When an appointment in this category is  
 7 necessary, the Montana society of certified public  
 8 accountants shall submit to the governor a list of names of  
 9 two candidates from which the appointment of this member may  
 10 be made. However, the governor is not restricted to the  
 11 names on this list.

12 ~~If~~ two licensed public accountants licensed under  
 13 37-50-303, title 37, chapter 50, who have been are actively  
 14 engaged in the practice of public accounting and who have  
 15 held a valid license for at least 5 years before their  
 16 appointment. When an appointment in this category is  
 17 necessary, the Montana society of public accountants  
 18 shall submit to the governor biennially a list of names of  
 19 two candidates from which the appointment of these members  
 20 may be made. However, the governor is not restricted to the  
 21 names on this list. These members may not be residents of  
 22 the same county. If there is no licensed public accountant  
 23 known by the governor to be qualified and willing to serve  
 24 in this position, the governor may appoint a certified  
 25 public accountant meeting the qualifications provided in

1 ~~121(a)(a)~~

2 ~~(d) two members of the general public who are not  
 3 engaged in the practice of public accounting. These members  
 4 may not be residents of the same county.~~

5 ~~(3) All members shall be residents of this state and  
 6 citizens of the United States and hold current licenses  
 7 under 37-50-314. The governor shall remove any member whose  
 8 license to practice has become void, revoked, or suspended  
 9 or who ceases to be engaged in the practice of public  
 10 accounting. Each appointment is subject to confirmation by  
 11 the Senate and shall be submitted for consideration at the  
 12 next regular session following appointment.~~

13 ~~(4) Each member shall serve for a term of 6 1/2 years. A  
 14 member who has served two successive complete terms is not  
 15 eligible for reappointment until after the lapse of 1 year.  
 16 The governor may, after a hearing, remove a member for  
 17 neglect of duty or other just cause.~~

18 ~~(5) The board is allocated to the department for  
 19 administrative purposes only as prescribed in 2-15-121.~~

20 Section 4. Section 37-50-102, MCA, is amended to read:  
 21 "37-50-102. Exemptions. ~~††~~ Nothing contained in this  
 22 chapter shall prohibit any person not a certified public  
 23 accountant or licensed public accountant from serving as an  
 24 employee of or an assistant to a certified public accountant  
 25 or a licensed public accountant holding a license to

1 practice under 37-50-314 or a partnership ~~or corporation~~  
 2 composed of certified public accountants or licensed public  
 3 accountants registered under this chapter or a foreign  
 4 accountant registered under 37-50-313 provided that such  
 5 employee or assistant shall not issue any accounting or  
 6 financial statement over his name.

7 ~~(2) Nothing contained in this chapter shall prohibit a  
 8 certified public accountant or a licensed public accountant  
 9 of another state or any accountant who holds a certificate  
 10 degree or license in a foreign country constituting a  
 11 recognized qualification for the practice of public  
 12 accounting in such country from temporarily practicing in  
 13 this state on professional business incident to his regular  
 14 practice outside this state provided that such temporary  
 15 practice is conducted in conformity with the rules of  
 16 professional conduct promulgated by the board."~~

17 Section 5. Section 37-50-201, MCA, is amended to read:  
 18 "37-50-201. Organization -- general rulemaking power  
 19 -- quorum -- seal -- records. (1) The board shall elect  
 20 annually a chairman, secretary, and treasurer from its  
 21 members.

22 (2) The board may adopt rules for the conduct of its  
 23 affairs and the administration of this chapter.

24 (3) A quorum for the transaction of business consists  
 25 of three ~~five~~ members of the board.

1 (4) The board shall have a seal which shall be  
 2 judicially noticed.

3 (5) The department shall keep records of the board's  
 4 proceeding. In a proceeding in court, civil or criminal,  
 5 arising out of or founded on this chapter, copies of these  
 6 records certified as correct under the seal of the board are  
 7 admissible in evidence as tending to prove the content of  
 8 these records."

9 Section 6. Section 37-50-202, MCA, is amended to read:  
 10 "37-50-202. Compensation of members -- expenses. Each  
 11 member of the board shall receive as compensation \$25 for  
 12 each day while actually engaged in the duties of his office  
 13 and in addition shall be reimbursed for travel expenses  
 14 provided for in 2-18-501 through 2-18-503 connected with  
 15 the discharge of his official duties is entitled to:

16 ~~(1) a mileage allowance as provided in 2-18-503;~~  
 17 ~~(2) expenses as provided in 2-18-501 and 2-18-502; and~~  
 18 ~~(3) a salary equal to one-fourth the daily rate of a  
 19 grade 8, step 1, classified state employee, for every 6  
 20 hours or fraction thereof spent away from home on board  
 21 business."~~

22 Section 7. Section 37-50-203, MCA, is amended to read:  
 23 "37-50-203. Rules of professional conduct the board --  
 24 solicitation of advisory comments. (1) The board may adopt  
 25 such rules consistent with the purposes of this chapter as

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1     it considers necessary.

2         (f)(2) The board may make shall adopt:

3         (i) rules of professional conduct appropriate to  
4     establish and maintain a high standard of integrity,  
5     dignity, and competency in the profession of public  
6     accountancy including competency in specific fields of  
7     public accountancy;

8         (ii) rules of procedure governing the conduct of  
9     matters before the board;

10         (iii) rules governing education requirements for  
11     issuance of the certificate of a certified public  
12     accountant;

13         (iv) rules prescribing requirements for continuing  
14     education to be met by certified public accountants in  
15     order to maintain their professional knowledge and  
16     competence as a condition to continuing in the practice of  
17     public accountancy. In issuing rules and individual orders  
18     regarding continuing education, the board in its  
19     discretion;

20         (v) may among other things use or rely upon  
21     guidelines and pronouncements of recognized educational and  
22     professional associations;

23         (vi) may prescribe the content, durations and  
24     organization of courses; and

25         (vii) shall take into account the accessibility to

1     applicants of such continuing education as it may require  
2     and any impediments to interstate practice of public  
3     accountancy that may result from differences in such  
4     requirements in other states;

5         (i) rules governing partnerships and corporations  
6     practicing public accounting, including but not limited to  
7     rules concerning their style, name, title, and affiliation  
8     with any other organization and establishing reasonable  
9     standards with respect to professional liability insurance  
10    and unimpaired capital and prescribing joint and several  
11    liability for torts relating to professional services for  
12    shareholders of any such corporation failing to comply with  
13    such standards; and

14         (ii) rules setting forth the terms, not exceeding 2  
15     years, and areas of experience required for certification as  
16     a certified public accountant.

17         (f)(3) At least 60 days prior to the adoption of a  
18     rule or amendment, the department shall mail copies of the  
19     proposed rule or amendment to each holder of a license  
20     issued under 37-50-314, with a notice advising him of the  
21     proposed effective date of the rule or amendment and  
22     requesting that he submit his comments on it at least 15  
23     days prior to the effective date. These comments are  
24     advisory only. The department's certificate of mailing to  
25     licensed accountants is conclusive proof thereof."

1       Section 8. Section 37-50-301, MCA, is amended to read:

2       "37-50-301. Illegal use of title. (1) No person may

3       assume or use the title or designation "certified public

4       accountant" or the abbreviation "CPA" or any other title,

5       designation, words, letters, abbreviation, sign, card, or

6       device tending to indicate that such person is a certified

7       public accountant unless such person has received a

8       certificate as a certified public accountant under

9       37-50-302--holds--a--license--issued--under--37-50-314--which--is

10      not--revoked--or--suspended--in--some--state--and--is--certified

11      under 37-50-302, 37-50-310, or 37-50-311 and all of such

12      person's offices in this state for the practice of public

13      accounting are maintained and registered as required under

14      37-50-335. However, a foreign accountant who has registered

15      under the provisions of 37-50-313 and who holds a current

16      license--issued--under--37-50-314 may use the title under which

17      he is generally known in his country, followed by the name

18      of the country from which he received his certificate,

19      license, or degree.

20       (2) No partnership or corporation shall assume or use

21       the title or designation "certified public accountant" or

22       the abbreviation "CPA" or any other title, designation,

23       words, letters, abbreviation, sign, card, or device tending

24       to indicate that such partnership or corporation is composed

25       of certified public accountants unless it is registered

1       under 37-50-331 or 37-50-332, whichever is applicable, and

2       all of its offices in this state for the practice of public

3       accounting are maintained and registered as required under

4       37-50-335.

5       (3) No person may assume or use the title or

6       designation "licensed public accountant", "public

7       accountant", or any other title, designation, words,

8       letters, abbreviation, sign, card, or device tending to

9       indicate that such person is a public accountant unless such

10      person is registered licensed as a licensed public

11      accountant under 37-50-303 this chapter, holds a current

12      license issued under 37-50-314, and all of such person's

13      offices in this state for the practice of public accounting

14      are maintained and registered as required under 37-50-335 or

15      unless such person has received a certificate as a certified

16      public accountant under 37-50-302 in some state, holds a

17      current license issued under 37-50-314, and all of such

18      person's offices in this state for the practice of public

19      accounting are maintained and registered as required under

20      37-50-335.

21       (4) No partnership or corporation may assume or use

22       the title or designation "licensed public accountant",

23       "public accountant", or any other title, designation, words,

24       letters, abbreviation, sign, card, or device tending to

25       indicate that such partnership or corporation is composed of

1 public accountants unless it is registered under 37-50-331,  
 2 37-50-332, 37-50-333, or 37-50-334, whichever is applicable,  
 3 and all of its offices in this state for the practice of  
 4 public accounting are maintained and registered as required  
 5 under 37-50-335.

6 (5) No person, corporation, or partnership may assume  
 7 or use the title or designation "certified accountant",  
 8 "chartered accountant", "enrolled accountant", "licensed  
 9 accountant", "registered accountant", or any other title or  
 10 designation likely to be confused with "certified public  
 11 accountant", "licensed public accountant", "public  
 12 accountant" or any of the abbreviations "CA", "EA", "LA", or  
 13 "RA" or similar abbreviations likely to be confused with  
 14 "CPA". However, anyone--who-holds-a-current-license-issued  
 15 under 37-50-334-and-all-of-whose-offices-in-the-state-for  
 16 the--practice--of--public--accounting--are--maintained--and  
 17 registered-as-required-under-37-50-335--may--hold--himself--out  
 18 to-the-public-as-an--"accountant"--or--"auditor"--as--provided--in  
 19 subsections--111--122--133--and--144--and a foreign accountant  
 20 registered--under--37-50-333--who--holds--a--current--license  
 21 issued--under--37-50-334-and-all--of--whose--offices--in--this  
 22 state--for--the--practice--of--public--accounting--are--maintained  
 23 and--registered--as--required--under--37-50-335 may use the title  
 24 under which he is generally known in this country, followed  
 25 by the name of the country from which he received his

1 certificate, license, or degree.

2 (6) No person may sign or affix his name or any trade  
 3 or assumed name used by him in his profession or business  
 4 with any wording indicating that he ~~is--an--accountant--or~~  
~~auditor--or--with--any--wording--indicating--that--he~~ has expert  
 6 knowledge in accounting or auditing to any accounting or  
 7 financial statement or to any opinion on, report on, or  
 8 certificate to any accounting or financial statement unless  
 9 he holds a current license issued under 37-50-314 and all of  
 10 his offices in this state for the practice of public  
 11 accounting are maintained and registered under 37-50-335.  
 12 However, the provisions of this subsection do not prohibit  
 13 any officer, employee, partner, or principal of any  
 14 organization from affixing his signature to any statement or  
 15 report in reference to the financial affairs of that  
 16 organization with any wording designating the position,  
 17 title, or office which he holds in that organization, nor do  
 18 the provisions of this subsection prohibit any act of a  
 19 public official or public employee in the performance of his  
 20 duties as such.

21 (7) No person may sign or affix a partnership or  
 22 corporation name with any wording indicating that it is a  
 23 partnership or corporation composed of ~~accountants--or~~  
~~auditors--or~~ persons having expert knowledge in accounting or  
 25 auditing to any accounting or financial statement or to any

1 report on or certificate to any accounting or financial  
 2 statement unless the partnership or corporation is  
 3 registered under 37-50-331, 37-50-332, 37-50-333, or  
 4 37-50-334 and all of its offices in this state for the  
 5 practice of public accounting are maintained and registered  
 6 as required under 37-50-335.

7 (8) No person may assume or use the title or  
 8 designation "certified public accountant" or "public  
 9 accountant" in conjunction with names indicating or implying  
 10 that there is a partnership or corporation or in conjunction  
 11 with the designation "and company" or "and co." or a similar  
 12 designation if, in any such case, there is in fact no bona  
 13 fide partnership or corporation registered under 37-50-331,  
 14 37-50-332, 37-50-333, or 37-50-334. However, a--sole  
 15 proprietor-or--partnership--lawfully--using--such--title--or  
 16 designation--in-conjunction-with--such--name--or--designation--on  
 17 duty--in--1969--may--continue--to--do--so--if--he--or--it--otherwise  
 18 complies--with--the--provisions--of--this--chapter--and--further,  
 19 it is lawful for a sole proprietor to continue the use of  
 20 the deceased's name in connection with his business for a  
 21 reasonable period of time after the death of a former  
 22 partner."

23 Section 9. Section 37-50-302, MCA, is amended to read:  
 24 "37-50-302. Certified public accountants --  
 25 certification -- qualifications and requirements.

1 Certification as a certified public accountant is available  
 2 to any person who:  
 3 ~~is--a--citizen--of--the--United--States--or--has--declared~~  
 4 ~~his--intention--of--becoming--a--citizen~~  
 5 ~~is--a--resident--of--this--state--or--has--a--place--of~~  
 6 ~~business--in--this--state--or--is--an--employee--in--regularly~~  
 7 ~~employed--in--this--state~~  
 8 ~~(3)(1) is of good moral character;~~  
 9 ~~(4)(2) has successfully passed the certified public~~  
 10 ~~accountants' examination; and~~  
 11 ~~(5)(3) meets the requirements of education and~~  
 12 ~~experience--in--37-50-305--and--37-50-306 set forth in this~~  
 13 ~~chapter and in board rules."~~  
 14 Section 10. Section 37-50-305, MCA, is amended to  
 15 read:  
 16 "37-50-305. Education and experience requirements.  
 17 Education and experience requirements shall be as follows: A  
 18 candidate for certification as a certified public accountant  
 19 must have  
 20 ~~graduation graduated from a college or university~~  
 21 ~~accredited--to--offer recognized by the board with a~~  
 22 ~~baccalaureate degree;~~  
 23 ~~III with a concentration in accounting; or an~~  
 24 ~~equivalent education in the judgment of the board; and~~  
 25 ~~(2) one--year--of--experience--in--public--private--or~~

1 governmental accounting of a nature and quality satisfactory  
 2 to the boards

3 (2) with a concentration other than accounting if  
 4 supplemented by related courses in other areas of business  
 5 administration and the board determines that an equivalent  
 6 education has been achieved."

7 Section 11. Section 37-50-308, MCA, is amended to  
 8 read:

9 "37-50-308. Examination. Except as provided in  
 10 37-1-101(4), the department shall hold and grade a written  
 11 examination in accounting, auditing, and related subjects as  
 12 the board determines appropriate. The grade determination of  
 13 the department is final in each case. The department ~~shall~~  
 14 may use the examination and grading services of the American  
 15 Institute of certified accountants. The examination shall be  
 16 held at least annually and at such other times as  
 17 applications warrant. The board may determine the time and  
 18 place of examination and may adopt rules necessary for the  
 19 orderly conduct of the examination."

20 Section 12. Section 37-50-309, MCA, is amended to  
 21 read:

22 "37-50-309. Credit for examinations taken in other  
 23 states. The board ~~may~~ by rule provide for granting credit to  
 24 a candidate for his satisfactory completion of a written  
 25 examination in any one or more of the subjects of

1 examination given by the licensing authority in another  
 2 state ~~if when he took the examination he was not a resident~~  
 3 ~~of this state.~~ These rules shall include requirements the  
 4 board determines appropriate in order that an examination  
 5 approved as a basis for credit is, in the judgment of the  
 6 board, at least as thorough as that included in the most  
 7 recent examination given in this state at the time of  
 8 granting the credit ~~originally was granted by the other~~  
 9 ~~state for passing the examination."~~

10 Section 13. Section 37-50-314, MCA, is amended to  
 11 read:

12 "37-50-314. Annual renewal----fee ~~certification or~~  
 13 ~~licensure.~~ (1) Annual ~~certificates and~~ licenses to engage in  
 14 the practice of public accounting in this state shall be  
 15 issued by the department to ~~holders of the certificate of~~  
 16 certified public accountants accountants issued---under  
 17 37-50-302 and to persons licensed public accountants under  
 18 37-50-303 if all officers if any of the certificate holder  
 19 or---licensed public accountants are maintained and registered  
 20 under 37-50-335. There is an annual ~~certificate or~~ license  
 21 ~~renewal~~ fee in an amount to be determined by the board---not  
 22 to---exceed---\$25---for---a---year---or---part---thereof. Annual  
 23 ~~certificates and~~ licenses expire on December 31 of each year  
 24 and may be renewed for a period of 1 year by ~~certificate~~  
 25 ~~holders certified public accountants~~ and licensed public

1 accountants in good standing on payment of on the annual  
 2 renewal fee of not to exceed \$25.

3 (2) Failure of a certificate holder or licensed public  
 4 accountant to apply for the annual license to practice  
 5 within 3 years from the expiration date of the annual  
 6 license to practice last obtained or renewed or 3 years from  
 7 the date on which the certificate holder or licensee was  
 8 granted his certificate or license deprives him of the right  
 9 to the annual license unless the board in its discretion  
 10 determines the failure to have been due to excusable neglect.  
 A person who fails to renew his license or certificate shall  
 promptly surrender it to the board upon request.

13 (3) After the expiration of the 3-year period  
 14 immediately following the effective date of a board rule  
 15 establishing continuing education requirements, each  
 16 application for renewal by a person who has held his  
 17 certificate or license for 3 years or more must be  
 18 accompanied or supported by evidence satisfactory to the  
 19 board of fulfillment of such requirements during the 3-year  
 20 period immediately preceding the application.

21 (4) The board may in its discretion waive the  
 22 requirement stated in subsection (3) if the applicant agrees  
 23 to follow a particular program or schedule of continuing  
 24 education agreeable to the board.

25 (3) A certificate holder or licensed public accountant

1 who is retiring from active practice or other employment  
 2 because of fitness, age, marriage or other justifiable  
 3 cause in the opinion of the board may be placed on an  
 4 inactive list without prejudicing his right to be issued an  
 5 annual license at a future date. A request for inactive  
 6 status must be sent to the department within the 3-year  
 7 period as outlined in this section.

8 (5) The board may relax or suspend continuing  
 9 education requirements for an applicant who certifies that  
 10 he does not intend to engage in the practice of public  
 11 accountancy and for an applicant who cannot fulfill the  
 12 requirement due to individual hardship.

13 (6) Subject to subsections (4) and (5), the board may  
 14 revoke, suspend or refuse to renew the certificate or  
 15 license of an applicant who fails to furnish evidence of  
 16 having met the continuing education requirements established  
 17 by the board.

18 Section 14. Section 37-50-315, MCA, is amended to  
 19 read:

20 "37-50-315. Deposit of moneys collected. Fees and  
 21 other moneys collected by the department under this chapter  
 22 shall be deposited in the earmarked revenue fund for the use  
 23 of the board." Subject to 37-8-104(6).

24 Section 15. Section 37-50-321, MCA, is amended to  
 25 read:

1        "37-50-321. Revocation, suspension, or refusal to  
 2 renew certificate or license. After notice and hearing as  
 3 provided in 37-50-341, the board may revoke or may suspend  
 4 any certificate issued under 37-50-302 or any registraton  
 5 license granted under 37-50-303 [section 21] or may revoke,  
 6 suspend, or refuse to renew any license issued under  
 7 37-50-314 or may censure the holder of any such license for  
 8 any one or any combination of the following causes:

9        (1) fraud or deceit in obtaining a certificate as  
 10 certified public accountant or in obtaining a license to  
 11 practice public accounting under this chapter;

12        (2) dishonesty, fraud, or gross negligence in the  
 13 practice of public accounting;

14        (3) violation of any of the provisions of 37-50-301;

15        (4) violation of a rule of professional conduct  
 16 promulgated by the board under the authority granted by this  
 17 chapter;

18        (5) conviction of a felony under the laws of any state  
 19 or of the United States;

20        (6) conviction of any crime, an element of which is  
 21 dishonesty or fraud, under the laws of any state or of the  
 22 United States;

23        (7) cancellation, revocation, suspension, or refusal  
 24 to renew authority to practice as a certified public  
 25 accountant or a public accountant by any other state for any

1        cause other than failure to pay an annual registration fee  
 2 in such other state:  
 3        (8) suspension or revocation of the right to practice  
 4 before any state or federal agency,  
 5        ~~(9) failure of a certificate holder or licensed~~  
 6 accountant to obtain an annual license under 37-50-314  
 7 within either 3 years from the expiration date of the  
 8 license to practice test obtained or renewed by said  
 9 certificate holder or registrant or 3 years from the date  
 10 upon which the certificate holder or licensed accountant was  
 11 granted his certificate of registration unless such failure  
 12 shall have been excused by the board pursuant to the  
 13 provisions of 37-50-314e"

14        Section 16. Section 37-50-331, MCA, is amended to  
 15 read:

16        "37-50-331. Partnership composed of certified public  
 17 accountants -- registration. (1) A partnership that is or  
 18 plans to become engaged in this state in the practice of  
 19 public accounting may shall register with the department as  
 20 a partnership of certified public accountants provided it  
 21 meets the following requirements:

22        ~~(a) At least one general partner must be a certified~~  
 23 ~~public accountant of this state in good standing and must~~  
 24 ~~hold a license issued under 37-50-314 which is in effect.~~  
 25        ~~(b) Each partner or manager personally engaged in~~

1 this state in the practice of public accounting must be a  
 2 certified public accountant of this ~~some~~ state in good  
 3 standing and must hold a license issued under 37-50-314  
 4 which is in effect ~~be certified under this chapter.~~

5 ~~(a)~~ Each partner must be a certified public  
 6 accountant of some state in good standing.

7 ~~(d) Each staff member who is employed in this state  
 8 and who is certified under 37-50-302 or registered under  
 9 37-50-303 must hold a license issued under 37-50-314 which  
 10 is in effect.~~

11 (2) Application for registration must be made on the  
 12 affidavit of a general partner of the partnership who is a  
 13 certified public accountant of this state in good standing.  
 14 The board shall in each case determine whether the applicant  
 15 is eligible for registration. A partnership which is  
 16 registered may use the words "certified public accountants"  
 17 or the abbreviation "CPAs" in connection with its  
 18 partnership name. Notification shall be given the  
 19 department within 1 month after the admission to or  
 20 withdrawal of a partner from a partnership so registered.

21 Section 17. Section 37-50-332, MCA, is amended to  
 22 read:

23 ~~37-50-332. Corporation composed of certified public  
 24 accountants -- registration. (1) A professional service  
 25 corporation organized for the practice of public accounting~~

1 ~~may~~ ~~must~~ register with the board as a corporation of  
 2 certified public accountants provided it meets the following  
 3 requirements:

4 (a) The sole purpose and business of the corporation  
 5 must be to furnish to the public services not inconsistent  
 6 with this chapter or the rules of the board, but the  
 7 corporation may invest its funds in a manner not  
 8 incompatible with the practice of public accounting.

9 ~~(b) At least one shareholder thereof must be a  
 10 certified public accountant of this state in good standing  
 11 and must hold a license issued under 37-50-314 which is in  
 12 effect.~~

13 ~~(c) Each shareholder of the corporation must be a  
 14 certified public accountant of some state in good standing  
 15 and must be principally employed by the corporation or  
 16 actively engaged in its business. No other person may have  
 17 any interest in the stock of the corporation. The principal  
 18 of the corporation and any officer or director having  
 19 authority over the practice of public accounting by the  
 20 corporation must be certified public accountants of some  
 21 state in good standing.~~

22 ~~(d) Each shareholder, officer, or manager of the  
 23 corporation personally engaged within this state in the  
 24 practice of public accounting as a member thereof must be a  
 25 certified public accountant of this ~~some~~ state in good~~

1 standing and must hold a license issued under 37-50-314  
 2 which is in effect be certified under this chapter.

3 (d) Each staff member who is employed within this  
 4 state and who is certified under 37-50-302 or registered  
 5 under 37-50-303 must also hold a license issued under  
 6 37-50-314 which is in effect.

7 (f) In order to facilitate compliance with the  
 8 provisions of this section relating to the ownership of  
 9 stocks there must be a written agreement binding the  
 10 corporation or the qualified shareholders to purchase any  
 11 shares offered for sale by or not under the ownership or  
 12 effective control of a qualified shareholder and binding any  
 13 shareholder not a qualified shareholder to sell such shares  
 14 to the corporation or the qualified shareholders. The  
 15 agreement must be noticed on each certificate of corporate  
 16 stocks.

17 (2) Application for such registration must be made  
 18 upon the affidavit of a shareholder who holds a permit to  
 19 practice in this state as a certified public accountant. The  
 20 board shall determine whether the applicant is eligible for  
 21 registration. A corporation which is so registered may use  
 22 the words "certified public accountant" or the abbreviation  
 23 "CPA" in connection with its corporation name. Notification  
 24 shall be given the board within 1 month after the admission  
 25 or withdrawal of a shareholder of a corporation so

1 registered."

2 Section 18. Section 37-50-333, MCA, is amended to  
 3 read:

4 "37-50-333. Partnership composed of public accountants  
 5 -- registration. (1) A partnership engaged in this state in  
 6 the practice of public accounting may ~~MUST~~ register with the  
 7 department as a partnership of licensed public accountants  
 8 provided it meets the following requirements:

9 (a) At least one general partner must be a certified  
 10 public accountant or a licensed public accountant of this  
 11 state in good standing and a holder of a license issued under  
 12 37-50-314 which is in effect.

13 (b) Each partner personally engaged in this state in  
 14 the practice of public accounting must be a certified public  
 15 accountant or a licensed public accountant of this state in  
 16 good standing and a holder of a license issued under  
 17 37-50-314 which is in effect.

18 (c) Each local manager in charge of an office or  
 19 firm in this state must be a certified public accountant or  
 20 a licensed public accountant of this state in good standing  
 21 and a holder of a license issued under 37-50-314 which is in  
 22 effect.

23 (d) Each staff member employed within this state and  
 24 who is certified under 37-50-302 or registered under  
 25 37-50-303 must hold a license issued under 37-50-314 which

1 is-in-effect.

2 (2) Application for registration must be made on the  
 3 affidavit of a general partner of the partnership who holds  
 4 a license to practice in this state as a certified public  
 5 accountant or as a licensed public accountant. The board  
 6 shall in each case determine whether the applicant is  
 7 eligible for registration. A partnership which is registered  
 8 may use the words "public accountants" in connection with  
 9 its partnership name. Notification shall be given the  
 10 department within 1 month after the admission to or  
 11 withdrawal of a partner from a partnership so registered.

12 Section 19. Section 37-50-334, MCA, is amended to  
 13 read:

14 "37-50-334. Corporation composed of public accountants  
 15 -- registration. (1) A professional service corporation  
 16 organized for the practice of public accounting ~~may~~ ~~must~~  
 17 register with the board as a corporation of public  
 18 accountants provided it meets the following requirements:

19 (a) The sole purpose and business of the corporation  
 20 must be to furnish to the public services not inconsistent  
 21 with this chapter or the rules of the board, but the  
 22 corporation may invest its funds in a manner not  
 23 incompatible with the practice of public accounting.

24 (b) At least one shareholder thereof ~~must~~ be a  
 25 certified public accountant or public accountant of this

1 state in good standing and ~~must~~ hold a license issued under  
 2 37-50-314 which is in effect.  
 3 (c) Each shareholder of the corporation ~~must~~ be a  
 4 certified public accountant or ~~a~~ licensed public accountant  
 5 of some state in good standing and ~~must~~ be principally  
 6 employed by the corporation or actively engaged in its  
 7 business. No other person may have ~~any~~ interest in the stock  
 8 of the corporation. The principal of the corporation and any  
 9 officer or director having authority over the practice of  
 10 public accounting by the corporation ~~must~~ be certified  
 11 public accountants or public accountants of some state in  
 12 good standing.

13 (d) Each shareholder of the corporation personally  
 14 engaged within this state in the practice of public  
 15 accounting as a member thereof ~~must~~ be a certified public  
 16 accountant or ~~a~~ licensed public accountant of this state in  
 17 good standing and ~~must~~ hold a license issued under 37-50-314  
 18 which is in effect.

19 ~~(e) Each staff member who is employed within this  
 20 state and who is certified under 37-50-302 or registered  
 21 under 37-50-303 must also hold a license issued under  
 22 37-50-314 which is in effect.~~

23 ~~(f) In order to facilitate compliance with the  
 24 provisions of this section relating to the ownership of  
 25 stock, there must be a written agreement binding the~~

1 corporation or the qualified shareholders to purchase any  
 2 shares offered for sale by or not under the ownership or  
 3 effective control of a qualified shareholder and binding any  
 4 shareholder not a qualified shareholder to sell such shares  
 5 to the corporation or the qualified shareholders. The  
 6 agreement must be noticed on each certificate of corporate  
 7 stock.

8 (2) Application for such registration must be made  
 9 upon the affidavit of a shareholder who holds a permit  
 10 certificate or license to practice in this state as a  
 11 certified public accountant or licensed public accountant.  
 12 The board shall determine whether the applicant is eligible  
 13 for registration. A corporation which is so registered may  
 14 use the words "public accountant" or the abbreviation "PA"  
 15 in connection with its corporation name. Notification shall  
 16 be given the board within 1 month after the admission or  
 17 withdrawal of a shareholder of a corporation so registered.

18 Section 20. Section 37-50-335, MCA, is amended to  
 19 read:

20 "37-50-335. Registration of offices. Each office  
 21 established or maintained in this state for the practice of  
 22 public accounting in this state by a certified public  
 23 accountant or a partnership or corporation of certified  
 24 public accountants or by a licensed public accountant or a  
 25 partnership or corporation of licensed public accountants or

1 by one registered under 37-50-313 shall be registered  
 2 annually with the department. A fee may not be charged for  
 3 this registration. The principals of sole proprietorships  
 4 and staff employees who are employed in this state and who  
 5 are holders of certificates as certified public accountants  
 6 must also hold licenses issued under 37-50-314 which are in  
 7 effect. Partnerships and corporations must be registered  
 8 under 37-50-332, 37-50-332, 37-50-333, or 37-50-334,  
 9 whichever is applicable and foreign accountants under the  
 10 provisions of 37-50-313. In addition, each individual  
 11 engaged in this state in the practice of public accounting  
 12 must be certified or licensed annually under 37-50-314."

13 NEW SECTION. Section 21. Continued licensure of  
 14 currently licensed public accountants. Licensure as a  
 15 licensed public accountant is available to any person  
 16 licensed as such on July 1, 1979. In addition, persons  
 17 serving in the armed forces of the United States on July 1,  
 18 1979, who immediately prior to entering this service held  
 19 themselves out to the public as licensed public accountants  
 20 and who were engaged as principals in this state, in the  
 21 practice of public accounting as their principal occupation  
 22 prior to service in the armed forces, may register with the  
 23 department within 6 months after the date of their  
 24 separation from active service and, on registration and  
 25 payment of the license fee, be issued a license by the

1 department as a licensed public accountant. A principal is  
 2 either the owner of or a partner in an existing accounting  
 3 practice.

4 NEW SECTION. Section 22. Duties of the department.

5 The department shall:

6 (1) assist the board in transactions of its business  
 7 and keep a record of the board's official action; and

8 (2) assess to the board the reasonable costs of the  
 9 department incurred in assisting the board.

10 NEW SECTION. Section 23. Existing orders and rules  
 11 effective until revoked or modified. All orders and rules  
 12 relating to the practice of accounting made by the board of  
 13 public accountants prior to July 1, 1979, remain in effect  
 14 until revoked or modified in accordance with law.

15 NEW SECTION. Section 24. Continuation of funds. All  
 16 unexpended balances of appropriations, allocations, or other  
 17 funds of the board of public accountants shall continue to  
 18 be used by the board of public accountants, as reestablished  
 19 in this act, for the purpose of regulating the practice of  
 20 accounting.

21 Section 25. Transition. The terms of office of persons  
 22 who are members of the board of public accountants on July  
 23 1, 1979, expire on July 31, 1979. Initial appointments to  
 24 the new board shall be made by the governor before July 31,  
 25 1979. The governor shall designate three appointees to serve

1 initial terms of 1 year, three appointees to serve initial  
 2 terms of 2 years, and three appointees to serve initial  
 3 terms of 3 years. Thereafter appointments shall be for terms  
 4 of 3 years as provided in section 3.

5 Section 26. Codification. Sections 21 and 22 are  
 6 intended to be codified as an integral part of Title 37,  
 7 chapter 50. The provisions of Title 37, chapter 50, apply to  
 8 sections 21 and 22, and sections 21 and 22 apply to Title  
 9 37, chapter 50. All references in the MCA to Title 37,  
 10 chapter 50, include sections 21 and 22.

11 Section 27. Repealer. Sections 37-50-303, 37-50-304,  
 12 37-50-306, 37-50-307, and 37-50-312, MCA, are repealed.

13 Section 28. Effective date of certain sections.  
 14 Sections 1 and 2 are effective on passage and approval.

-End-

SB 489

## STATE OF MONTANA

Request No. 387-79

## FISCAL NOTE

Form BD-15

In compliance with a written request received February 16, 1979, there is hereby submitted a Fiscal Note for Senate Bill 489 pursuant to Chapter 53, Laws of Montana, 1965 - Thirty-Ninth Legislative Assembly. Background information used in developing this Fiscal Note is available from the Office of Budget and Program Planning, to members of the Legislature upon request.

## \* DESCRIPTION OF PROPOSED LEGISLATION:

To reestablish the board of public accountants, revise certificate and licensing provisions; revising board compensation, increase from 5 to 9 members and to provide an effective date.

## \* ASSUMPTIONS:

1. Board will increase from 5 to 9 members.
2. Compensation will change from \$20 per day to approximately \$8.75 per 6 hours spent on board business.
3. Travel and communications will increase with more members.

## \* FISCAL IMPACT:

	FY 80	FY 81
Under proposed law	\$55,050	\$57,219
Under current law	51,555	53,724
Increased expenses under proposed law	\$ 3,495	\$ 3,495

\* Funding is from an earmarked revenue fund account.

*Ronald L. Young Jr.*  
BUDGET DIRECTOR  
Office of Budget and Program Planning  
Date: 2/21/79

STATEMENT OF INTENT RE: SB 489

A statement of intent is required by Senate Bill No. 489 in that it delegates rulemaking authority to the Board of Public Accountants in Sections 7 and 13.

7           1. The Board may establish rules setting standards for  
8 determining a practitioner's competency in specialized  
9 fields of accounting. It is contemplated the rules should  
10 address the following:

15 (b) types of programs required for determining  
16 competency such as classroom instruction, seminars,  
17 home study, experience, examination or any combination  
18 thereof;

19 (c) standards for determining programs to be approved  
20 for fulfillment of the requirements such as adequacy of  
21 facilities, qualifications of instructors, course content  
22 and endorsement by other regulatory agencies or professional  
23 or education groups;

24 (d) the number of hours of instruction or experience,  
25 if any, required;

5 The rules may not prohibit the person holding a license  
6 or certificate from practicing in any area or field of  
7 public accounting nor affect his ability to acquire annual  
8 renewal of his certificate or license.

9           2. The Board may establish rules governing education  
10        requirements for certification or licensure. It is  
11        contemplated that the rules should supplement and interpret  
12        37-50-305 as amended by the bill by:

16 (b) determining standards for accepting college  
17 graduates with majors other than accounting, including but  
18 not limited to:

19 (i) the minimum number of accounting credits required;

20 (ii) subjects of courses allowed as supplementary  
21 business-related courses; and

22 (iii) the total number of credits required in business  
23 administration-

24           3. The Board may adopt rules prescribing continuing  
25           education for continued practice in public accounting. It is

1 contemplated that they should address the following:

2 (a) types of programs required for determining  
3 knowledge and competence such as classroom instruction,  
4 seminars, homestudy, experience, examination, or any  
5 combination thereof;

6 (b) standards for determining programs to be approved  
7 for fulfillment of the requirements such as adequacy of  
8 facilities, qualifications of instructors, course content  
9 and endorsement by other regulatory agencies or professional  
10 or national groups;

11 (c) the number of hours of instruction or experience,  
12 if any, required;

13 (d) contents of examinations, if any, required;

14 (e) alternative methods of fulfilling the requirements  
15 such as intrafirm or intracompany programs or prospective  
16 programs of study;

17 (f) methods of monitoring and enforcement;

18 (g) the rules may not deny a person the ability to  
19 acquire annual renewal of his certificate or license if  
20 continuing education requirements constitute a hardship due  
21 to inaccessibility to programs or interference with an  
22 interstate practice;

23 (h) the rules should reflect standards for continuing  
24 education programs to ensure equal access, reasonable cost,  
25 exceptions for financial or physical hardships or

1 impediments and reference to areas commonly and not rarely  
2 practiced by those engaged in public accounting.

3       4. The Board may establish rules governing  
4 partnerships and corporations practicing public accountancy.  
5 It is contemplated that the rules should address the  
6 following:

7       (a) the financial ability of a partnership or  
8 corporation to protect the public from damages caused by  
9 negligence or malpractice, if any;

10       (b) the method of establishing financial ability such  
11 as unimpaired capital, professional liability insurance,  
12 self-insurance or mutual insurance, or agreement;

13       (c) other areas of regulation regarding firm style,  
14 name, title, affiliations, and joint and several liability  
15 of members or shareholders are governed by existing  
16 statutory law regulating partnerships and professional  
17 corporations.

18       5. The Board may establish rules setting forth terms,  
19 not exceeding two years, and areas of experience for  
20 original certification or licensure. It is contemplated  
21 that the rules should address the following:

22       (a) the duration of experience required, not to exceed  
23 two years;

24       (b) the areas of experience such as private, public or  
25 governmental accounting, or accounting experience as an

1       educator, researcher, publisher or military serviceman, or  
2       combination thereof;

3               (c) the rules should not discriminate between the  
4       areas of experience.

5               6. Section 13 allows the Board to prescribe a  
6       reasonable annual renewal fee. It is intended that the fee  
7       not exceed an amount necessary to meet administrative costs.

8               First adopted by the SENATE STATE ADMINISTRATIVE  
9       COMMITTEE on February 21, 1979.

1 SENATE BILL NO. 489  
2 INTRODUCED BY RASMUSSEN  
3 BY REQUEST OF THE BOARD OF PUBLIC ACCOUNTANTS  
4  
5 A BILL FOR AN ACT ENTITLED: "AN ACT TO REESTABLISH THE  
6 BOARD OF PUBLIC ACCOUNTANTS AND TO GENERALLY REVISE THE  
7 AUTHORITY OF THE BOARD WITH REGARD TO CERTIFICATION AND  
8 LICENSING; AMENDING SECTIONS 2-8-103, 2-15-1641, 37-50-102,  
9 37-50-201 THROUGH 37-50-203, 37-50-301, 37-50-302,  
10 37-50-305, 37-50-308, 37-50-309, 37-50-314, 37-50-315,  
11 37-50-321, 37-50-331 THROUGH 37-50-335, MCA; AND REPEALING  
12 SECTIONS 37-50-303<sup>v</sup>-37-50-304<sup>v</sup> 37-50-306<sup>v</sup> AND 37-50-307<sup>v</sup>, AND  
13 37-50-312<sup>v</sup> MCA; AND PROVIDING AN EFFECTIVE DATE."

15 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

16        NEW SECTION Section 1. Board reestablished. The

17 board of public accountants created by 2-15-1641 is

18 reestablished for a period of 6 years pursuant to 2-8-122.

19        Section 2. Section 2-8-103, MCA, is amended to read:

20        "2-8-103. Agencies to terminate. (1) The following

21 agencies shall terminate on July 1, 1979:

22        (a) board of abstracters, department of professional

23 and occupational licensing, created by 2-15-1643;

24        (b) board of public accountants, department of

25 professional and occupational licensing, created by

1 2-15-1642;

2        ftfbl board of architects, department of professional  
3 and occupational licensing, created by 2-15-1651;

4        ftfbl state banking board, department of business  
5 regulation, created by 2-15-1803;

6        ftfbl state electrical board, department of  
7 professional and occupational licensing, created by  
8 2-15-1654;

9        ftfbl board of professional engineers and land  
10 surveyors, department of professional and occupational  
11 licensing, created by 2-15-1653;

12       tftfbl office of commissioner of insurance and the  
13 insurance department, state auditor's office, created by  
14 2-15-1902 and 2-15-1903;

15       tftfbl office of the investment commissioner, state  
16 auditor's office, created by 2-15-1901;

17       ftfbl board of landscape architects, department of  
18 professional and occupational licensing, created by  
19 2-15-1652;

20       ftfbl board of county printing, department of  
21 community affairs, created by 2-15-1102;

22       ftfbl board of plumbers, department of professional  
23 and occupational licensing, created by 2-15-1655;

24       ftfbl board of real estate, department of  
25 professional and occupational licensing, created by

1 2-15-1642;  
 2 ~~the~~ state board of warm air heating, ventilation,  
 3 and air conditioning, department of professional and  
 4 occupational licensing, created by 2-15-1656;  
 5 ~~the~~ board of institutions, department of  
 6 institutions, created by 2-15-2303.  
 7 (2) The following agencies shall terminate on July 1,  
 8 1981:  
 9 (a) commission for human rights, department of labor  
 10 and industry, created by 2-15-1706;  
 11 (b) board of athletics, department of professional and  
 12 occupational licensing, created by 2-15-1661;  
 13 (c) board of barbers, department of professional and  
 14 occupational licensing, created by 2-15-1625;  
 15 (d) board of chiropractors, department of professional  
 16 and occupational licensing, created by 2-15-1613;  
 17 (e) board of cosmetologists, department of  
 18 professional and occupational licensing, created by  
 19 2-15-1626;  
 20 (f) board of dentists, department of professional and  
 21 occupational licensing, created by 2-15-1606;  
 22 (g) board of hearing aid dispensers, department of  
 23 professional and occupational licensing, created by  
 24 2-15-1616;  
 25 (h) board of massage therapists, department of

1 professional and occupational licensing, created by  
 2 2-15-1627;  
 3 (i) Montana state board of medical examiners,  
 4 department of professional and occupational licensings,  
 5 created by 2-15-1605;  
 6 (j) board of morticians, department of professional  
 7 and occupational licensing, created by 2-15-1619;  
 8 (k) board of nursing, department of professional and  
 9 occupational licensing, created by 2-15-1610;  
 10 (l) board of nursing home administrators, department  
 11 of professional and occupational licensing, created by  
 12 2-15-1611;  
 13 (m) board of optometrists, department of professional  
 14 and occupational licensing, created by 2-15-1612;  
 15 (n) board of osteopathic physicians, department of  
 16 professional and occupational licensing, created by  
 17 2-15-1607;  
 18 (o) board of pharmacists, department of professional  
 19 and occupational licensing, created by 2-15-1609;  
 20 (p) board of podiatry examiners, department of  
 21 professional and occupational licensing, created by  
 22 2-15-1608;  
 23 (q) board of psychologists, department of professional  
 24 and occupational licensing, created by 2-15-1617;  
 25 (r) board of radiologic technologists, department of

1 professional and occupational licensing, created by  
 2 2-15-1614;  
 3 (s) board of speech pathologists and audiologists,  
 4 department of professional and occupational licensing,  
 5 created by 2-15-1615;  
 6 (t) board of veterinarians, department of professional  
 7 and occupational licensing, created by 2-15-1618;  
 8 (u) board of veterans' affairs, department of social  
 9 and rehabilitation services, created by 2-15-2202.  
 10 (3) The following units of state government shall  
 11 terminate on July 1, 1983:  
 12 (a) board of aeronautics, department of community  
 13 affairs, created by 2-15-1103;  
 14 (b) state board of hail insurance, department of  
 15 agriculture, created by 2-15-3003;  
 16 (c) board of horseracing, department of professional  
 17 and occupational licensing, created by 2-15-1662;  
 18 (d) board of livestock, department of livestock,  
 19 created by 2-15-3102;  
 20 (e) board of milk control, department of business  
 21 regulation, created by 2-15-1802;  
 22 (f) board of oil and gas conservation, department of  
 23 natural resources and conservation, created by 2-15-3303;  
 24 (g) Montana outfitters council, department of fish and  
 25 game, created by 2-15-3403;

1 (h) public service commission, department of public  
 2 service regulation, created by 69-1-102;  
 3 (i) board of sanitarians, department of professional  
 4 and occupational licensing, created by 2-15-1631;  
 5 (j) board of water and wastewater operators,  
 6 department of health and environmental sciences, created by  
 7 2-15-2105;  
 8 (k) board of water well contractors, department of  
 9 professional and occupational licensing, created by  
 10 2-15-1632.  
 11 ~~the following agency terminates on July 1, 1983:~~  
 12 ~~the board of public accountants created by 2-15-1641~~  
 13 Section 3. Section 2-15-1641, MCA, is amended to read:  
 14 "2-15-1641. Board of public accountants. (1) There is  
 15 a board of public accountants.  
 16 (2) The board consists of ~~five~~ ~~nine~~ ~~EIVE~~ members  
 17 appointed by the governor. The members are:  
 18 (a) three ~~from~~ ~~three~~ certified public accountants  
 19 certified under ~~37-50-302~~ ~~title 37, chapter 50,~~ who have  
 20 been ~~are~~ certified and actively engaged in the practice of  
 21 public accounting and ~~who have held a valid certificate for~~  
 22 at least 5 years before their appointment. The Montana  
 23 society of certified public accountants shall submit to the  
 24 governor biennially annually a list of names of two  
 25 candidates from which the appointments of these members may

1 be made. However, the governor is not restricted to the  
 2 names on this list. These members may not be residents of  
 3 the same county.

4 ~~fit-one--certified--public--accountant--who--is--not~~  
 5 ~~actively--engaged--in--the--practice--of--public--accounting--and~~  
 6 ~~who--has--been--certified--for--at--least--5--years--before--his~~  
 7 ~~appointment--Who--an--appointment--in--this--category--is~~  
 8 ~~necessary--the--Montana--society--of--certified--public~~  
 9 ~~accountants--shall--submit--to--the--governor--a--list--of--names--of~~  
 10 ~~two--candidates--from--which--the--appointment--of--this--member--may~~  
 11 ~~be--made--However--the--governor--is--not--restricted--to--the~~  
 12 ~~names--on--this--list~~

13 ~~fit~~ two ONE licensed public accountants  
 14 ACCOUNTANT licensed under 37-50-303 Title 37, chapter 50  
 15 who have been ~~gre~~ IS actively engaged in the practice of  
 16 public accounting and who have ~~has~~ held a valid license for  
 17 at least 5 years before their HIS appointment. ~~When~~ an  
 18 appointment in this category is necessary, the the Montana  
 19 society of public accountants shall submit to the governor  
 20 biennially a list of names of two candidates from which the  
 21 appointment of these members may be made. However, the  
 22 governor is not restricted to the names on this list. These  
 23 members may not be residents of the same county. If there is  
 24 no licensed public accountant known by the governor to be  
 25 qualified and willing to serve in this positions the

1 governor may appoint a certified public accountant meeting  
 2 the qualifications provided in (2)(a)

3 ~~fit~~ two members of the general public who are not  
 4 engaged in the practice of public accounting. These members  
 5 may not be residents of the same county. ONE MEMBER OF THE  
 6 GENERAL PUBLIC WHO IS NOT ENGAGED IN THE PRACTICE OF PUBLIC  
 7 ACCOUNTING.

8 (3) All members shall be residents of this state and  
 9 citizens of the United States and hold current licenses  
 10 under 37-50-314. The governor shall remove any member whose  
 11 license to practice has become void, revoked, or suspended  
 12 or who ceases to be engaged in the practice of public  
 13 accounting. Each appointment is subject to confirmation by  
 14 the senate and shall be submitted for consideration at the  
 15 next regular session following appointment.

16 (4) Each member shall serve for a term of 6 1/2 years. A  
 17 member who has served two successive complete terms is not  
 18 eligible for reappointment until after the lapse of 1 year.  
 19 The governor may, after a hearing, remove a member for  
 20 neglect of duty or other just cause.

21 (5) The board is allocated to the department for  
 22 administrative purposes only as prescribed in 2-15-121.

23 Section 4. Section 37-50-102, MCA, is amended to read:  
 24 "37-50-102. Exemptions. fit Nothing contained in this  
 25 chapter shall prohibit any person not a certified public

1 accountant or licensed public accountant from serving as an  
 2 employee of or an assistant to a certified public accountant  
 3 or a licensed public accountant holding a license to  
 4 practice under 37-50-314 or a partnership or corporation  
 5 composed of certified public accountants or licensed public  
 6 accountants registered under this chapter or a foreign  
 7 accountant registered under 37-50-313 provided that such  
 8 employee or assistant shall not issue any accounting or  
 9 financial statement over his name.

10 ~~t27--Nothing-contained-in-this-chapter-shall-prohibit-a  
 11 certified-public-accountant-or-a-licensed-public--accountant  
 12 of-another-state-or-any-accountant-who-holds-a-certificate  
 13 degree-or-license--in-a--foreign--country--constituting--a  
 14 recognized--qualification---for---the-practice--of--public  
 15 accounting-in-such-country-from--temporarily--practicing--in  
 16 this--state-on-professional-business-incident-to-his-regular  
 17 practice-outside-this-state--provided--that--such--temporary  
 18 practice--is--conducted--in--conformity--with--the--rules-of  
 19 professional-conduct-promulgated-by-the-board."~~

20 Section 5. Section 37-50-201, MCA, is amended to read:  
 21 "37-50-201. Organization -- general rulemaking power  
 22 -- quorum -- seal -- records. (1) The board shall elect  
 23 annually a chairman, secretary, and treasurer from its  
 24 members.

25 (2) The board may adopt rules for the conduct of its

1 affairs and the administration of this chapter.  
 2 (3) A quorum for the transaction of business consists  
 3 of three ~~five~~ members of the board.  
 4 (4) The board shall have a seal which shall be  
 5 judicially noticed.  
 6 (5) The department shall keep records of the board's  
 7 proceeding. In a proceeding in court, civil or criminal,  
 8 arising out of or founded on this chapter, copies of these  
 9 records certified as correct under the seal of the board are  
 10 admissible in evidence as tending to prove the content of  
 11 these records."

12 Section 6. Section 37-50-202, MCA, is amended to read:  
 13 "37-50-202. Compensation of members -- expenses. Each  
 14 member of the board shall receive as compensation \$20 for  
 15 each-day while actually engaged in the duties of his office  
 16 and--in--addition--shall-be-reimbursed-for-travel-expenses  
 17 provided-for-in-2-18-501-through-2-18-503--connected--with  
 18 the-discharge-of-his-official-duties--is entitled to:  
 19 (1) a mileage allowance as provided in 2-18-503;  
 20 (2) expenses as provided in 2-18-501 and 2-18-502; and  
 21 (3) a salary equal to one-fourth the daily rate of a  
 22 grade 8 step 1a classified state employee, for every 6  
 23 hours or fraction thereof spent away from home on board  
 24 business."

25 Section 7. Section 37-50-203, MCA, is amended to read:

1        "37-50-203. Rules of professional conduct the board --  
 2 solicitation of advisory comments. (1) The board may adopt  
 3 such rules consistent with the purposes of this chapter as  
 4 it considers necessary.

5        (1) The board may make shall adopt:

6        (a) rules of professional conduct appropriate to  
 7 establish and maintain a high standard of integrity,  
 8 dignity, and competency in the profession of public  
 9 accountancy including competency in specific fields of  
 10 public accountancy;

11        (b) rules of procedure governing the conduct of  
 12 matters before the board;

13        (c) rules governing education requirements for  
 14 issuance of the certificate of a certified public accountant  
 15 AND THE LICENSE FOR LICENSED PUBLIC ACCOUNTANT;

16        (d) rules prescribing requirements for continuing  
 17 education to be met by certified public accountants AND  
 18 LICENSED PUBLIC ACCOUNTANTS, in order to maintain their  
 19 professional knowledge and competence, as a condition to  
 20 continuing in the practice of public accountancy. In issuing  
 21 rules and individual orders regarding continuing educations  
 22 the board, in its discretion;

23        (e) may, among other things, use or rely upon  
 24 guidelines and pronouncements of recognized educational and  
 25 professional associations;

1        (iii) may prescribe the content, duration, and  
 2 organization of courses; and

3        (iv) shall take into account the accessibility to  
 4 applicants of such continuing education as it may require  
 5 and any impediments to interstate practice of public  
 6 accountancy that may result from differences in such  
 7 requirements in other states;

8        (a) rules governing partnerships and corporations  
 9 practicing public accounting, including but not limited to  
 10 rules concerning their style, name, title, and affiliation  
 11 with any other organization and establishing reasonable  
 12 standards with respect to professional liability insurance  
 13 and unimpaired capital and prescribing joint and several  
 14 liability for torts relating to professional services for  
 15 shareholders of any such corporation failing to comply with  
 16 such standards; and

17        (f) rules setting forth the terms, not exceeding 2  
 18 years, and areas of experience required for certification as  
 19 a certified public accountant AND LICENSING AS A LICENSED  
 20 PUBLIC ACCOUNTANT.

21        (2) At least 60 days prior to the adoption of a  
 22 rule or amendment, the department shall mail copies of the  
 23 proposed rule or amendment to each holder of a CERTIFICATE  
 24 OR LICENSE issued under 37-50-314, with a notice advising  
 25 him of the proposed effective date of the rule or amendment

1 and requesting that he submit his comments on it at least 15  
 2 days prior to the effective date. These comments are  
 3 advisory only. The department's certificate of mailing to  
 4 licensed accountants is conclusive proof thereof."

5 Section 8. Section 37-50-301, MCA, is amended to read:  
 6 "37-50-301. Illegal use of title. (1) No person may  
 7 assume or use the title or designation "certified public  
 8 accountant" or the abbreviation "CPA" or any other title,  
 9 designation, words, letters, abbreviations, signs, card, or  
 10 device tending to indicate that such person is a certified  
 11 public accountant unless such person has received a  
 12 certificate as a certified public accountant under  
 13 37-50-302 ~~v-holds-a-license-issued-under-37-50-314--which--is~~  
 14 ~~not--revoked--or--suspended--in some state and is certified~~  
 15 ~~under 37-50-302, 37-50-310, or 37-50-311 and all of such~~  
 16 ~~person's offices in this state for the practice of public~~  
 17 ~~accounting are maintained and registered as required under~~  
 18 ~~37-50-335. However, a foreign accountant who has registered~~  
 19 ~~under the provisions of 37-50-313 and who--holds--a--current~~  
 20 ~~license--issued--under--37-50-314 may use the title under which~~  
 21 ~~he is generally known in his country, followed by the name~~  
 22 ~~of the country from which he received his certificate,~~  
 23 ~~license, or degree.~~

24 (2) No partnership or corporation shall assume or use  
 25 the title or designation "certified public accountant" or

1 the abbreviation "CPA" or any other title, designation,  
 2 words, letters, abbreviation, signs, card, or device tending  
 3 to indicate that such partnership or corporation is composed  
 4 of certified public accountants unless it is registered  
 5 under 37-50-331 or 37-50-332, whichever is applicable, and  
 6 all of its offices in this state for the practice of public  
 7 accounting are maintained and registered as required under  
 8 37-50-335.

9 (3) No person may assume or use the title or  
 10 designation "licensed public accountant", "public  
 11 accountant", or any other title, designation, words,  
 12 letters, abbreviation, signs, card, or device tending to  
 13 indicate that such person is a public accountant unless such  
 14 person is registered licensed as a licensed public  
 15 accountant under 37-50-303 this chapter, holds a current  
 16 license issued under 37-50-314, and all of such person's  
 17 offices in this state for the practice of public accounting  
 18 are maintained and registered as required under 37-50-335 or  
 19 unless such person has received a certificate as a certified  
 20 public accountant ~~under--37-50-302 in some state~~, holds a  
 21 current license issued under 37-50-314, and all of such  
 22 person's offices in this state for the practice of public  
 23 accounting are maintained and registered as required under  
 24 37-50-335.

25 (4) No partnership or corporation may assume or use

1 the title or designation "licensed public accountant",  
 2 "public accountant", or any other title, designation, words,  
 3 letters, abbreviation, sign, card, or device tending to  
 4 indicate that such partnership or corporation is composed of  
 5 public accountants unless it is registered under 37-50-331,  
 6 37-50-332, 37-50-333, or 37-50-334, whichever is applicable,  
 7 and all of its offices in this state for the practice of  
 8 public accounting are maintained and registered as required  
 9 under 37-50-335.

10 (5) No person, corporation, or partnership may assume  
 11 or use the title or designation "certified accountant",  
 12 "chartered accountant", "enrolled accountant", "licensed  
 13 accountant", "registered accountant", or any other title or  
 14 designation likely to be confused with "certified public  
 15 accountant", "licensed public accountant", "public  
 16 accountant" or any of the abbreviations "CA", "EA", "LA", or  
 17 "RA" or similar abbreviations likely to be confused with  
 18 "CPA". However, anyone-who-holds-a--current--license--issued  
 19 under--37-50-314--and--all--of--whose--offices--in--the--state--for  
 20 the--practice--of--public--accounting--are--maintained--and  
 21 registered--as--required--under--37-50-335--may--hold--himself--out  
 22 to--the--public--as--an--"accountant"--or--"auditor"--as--provided--in  
 23 subsections--tit--t2--t3--and--t4--and a foreign accountant  
 24 registered--under--37-50-323--who--holds--a--current--license  
 25 issued--under--37-50-314--and--all--of--whose--offices--in--this

1 state-for-the-practice-of-public-accounting--are--maintained  
 2 and-registered-as-required-under-37-50-335 may use the title  
 3 under which he is generally known in this country, followed  
 4 by the name of the country from which he received his  
 5 certificate, license, or degree.

6 (6) No person may sign or affix his name or any trade  
 7 or assumed name used by him in his profession or business  
 8 with any wording indicating that he is-an-accountant-or  
 9 auditor-or-with-any-wording-indicating-that--he has expert  
 10 knowledge in accounting or auditing to any accounting or  
 11 financial statement or to any opinion on, report on, or  
 12 certificate to any accounting or financial statement unless  
 13 he holds a current license issued under 37-50-314 and all of  
 14 his offices in this state for the practice of public  
 15 accounting are maintained and registered under 37-50-335.  
 16 However, the provisions of this subsection do not prohibit  
 17 any officer, employee, partner, or principal of any  
 18 organization from affixing his signature to any statement or  
 19 report in reference to the financial affairs of that  
 20 organization with any wording designating the position,  
 21 title, or office which he holds in that organization, nor do  
 22 the provisions of this subsection prohibit any act of a  
 23 public official or public employee in the performance of his  
 24 duties as such.

25 (7) No person may sign or affix a partnership or

1 corporation name with any wording indicating that it is a  
 2 partnership or corporation composed of accountants--or  
 3 auditors--or persons having expert knowledge in accounting or  
 4 auditing to any accounting or financial statement or to any  
 5 report on or certificate to any accounting or financial  
 6 statement unless the partnership or corporation is  
 7 registered under 37-50-331, 37-50-332, 37-50-333, or  
 8 37-50-334 and all of its offices in this state for the  
 9 practice of public accounting are maintained and registered  
 10 as required under 37-50-335.

11 (8) No person may assume or use the title or  
 12 designation "certified public accountant" or "public  
 13 accountant" in conjunction with names indicating or implying  
 14 that there is a partnership or corporation or in conjunction  
 15 with the designation "and company" or "and co." or a similar  
 16 designation if, in any such case, there is in fact no bona  
 17 fide partnership or corporation registered under 37-50-331,  
 18 37-50-332, 37-50-333, or 37-50-334. However, a---sole  
 19 proprietor--or--partnership--lawfully--using--such--title--or  
 20 designation-in-conjunction-with-such-name-or-designation--on  
 21 duty--in--1969--may-continue-to-do-so-if-he-or-it-otherwise  
 22 complies-with-the-provisions-of-this-chapter--and--furthermore  
 23 it is lawful for a sole proprietor to continue the use of  
 24 the deceased's name in connection with his business for a  
 25 reasonable period of time after the death of a former

1 partner."

2 Section 9. Section 37-50-302, MCA, is amended to read:

3 "37-50-302. Certified public accountants --  
 4 certification -- qualifications and requirements.  
 5 Certification as a certified public accountant is available  
 6 to any person who:

7 ~~is--a--citizen--of--the--United--States--or--has--declared~~  
 8 ~~his--intention--of--becoming--a--citizen~~  
 9 ~~is--a--resident--of--this--state--or--has--a--place--of~~  
 10 ~~business--in--this--state--or--is--an--employee--is--regularly~~  
 11 ~~employed--in--this--state~~  
 12 ~~is--of--good--moral--character~~  
 13 ~~has--successfully--passed--the--certified--public~~  
 14 ~~accountants'--examination~~; and  
 15 ~~meets--the--requirements--of--education--and~~  
 16 ~~experience--in--37-50-305--and--37-50-306--set--forth--in--this~~  
 17 ~~chapter--and--in--board--rules.~~"

18 Section 10. Section 37-50-305, MCA, is amended to  
 19 read:

20 "37-50-305. Education and--experience requirements.  
 21 Education-and-experience-requirements-shall-be-as-follows: A  
 22 candidate for certification as a certified public accountant  
 23 OR LICENSING AS A LICENSED PUBLIC ACCOUNTANT must have  
 24 ~~graduation graduated from a college or university~~  
 25 ~~accredited---to---offer recognized by the board with a~~

1 baccalaureate degree;

2       (1) with a concentration in accounting or an  
 3 equivalent education in the judgment of the board and  
 4 if one year of experience in public, private or  
 5 government accounting of a nature and quality satisfactory  
 6 to the board.

7       (2) with a concentration other than accounting if  
 8 supplemented by related courses in other areas of business  
 9 administration and the board determines that an equivalent  
 10 education has been achieved."

11      Section 11. Section 37-50-308, MCA, is amended to  
 12 read:

13      "37-50-308. Examination. Except as provided in  
 14 37-1-101(4), the department shall hold and grade a written  
 15 examination in accounting, auditing, and related subjects as  
 16 the board determines appropriate. The grade determination of  
 17 the department is final in each case. The department shall  
 18 may use the examination and grading services of the American  
 19 Institute of certified accountants. The examination shall be  
 20 held at least annually and at such other times as  
 21 applications warrant. The board may determine the time and  
 22 place of examination and may adopt rules necessary for the  
 23 orderly conduct of the examination."

24      Section 12. Section 37-50-309, MCA, is amended to  
 25 read:

1        "37-50-309. Credit for examinations taken in other  
 2 states. The board may by rule provide for granting credit to  
 3 a candidate for his satisfactory completion of a written  
 4 examination in any one or more of the subjects of  
 5 examination given by the licensing authority in another  
 6 state if when he took the examination he was not a resident  
 7 of this state. These rules shall include requirements the  
 8 board determines appropriate in order that an examination  
 9 approved as a basis for credit is, in the judgment of the  
 10 board, at least as thorough as that included in the most  
 11 recent examination given in this state at the time of  
 12 granting the credit originally was granted by the other  
 13 state for passing the examination."

14      Section 13. Section 37-50-314, MCA, is amended to  
 15 read:

16      "37-50-314. Annual renewal----fee certification or  
 17 licensure. (1) Annual certificates and licenses to engage in  
 18 the practice of public accounting in this state shall be  
 19 issued by the department to holders-of-the-certificate-of  
 20 certified public accountant accountants issued--under  
 21 37-50-302 and to persons licensed public accountants under  
 22 37-50-303--if--offices--if--any--of--the--certificate--holder  
 23 or--licensed-public-accountant-are-maintained-and-registered  
 24 under 37-50-335. There is an annual certificate--or  
 25 license renewal fees in an amount to be determined by the board--not

1 to---exceed---\$25---for---a---year---or---part---thereof. Annual  
 2 certificates and licenses expire on December 31 of each year  
 3 and may be renewed for a period of 1 year by certificate  
 4 holders certified public accountants and licensed public  
 5 accountants in good standing on payment of on the annual  
 6 renewal fee of not to exceed \$25.

7 (2) Failure-of-a-certificate-holder-or-licensed-public  
 8 accountant--to--apply--for--the--annual--license--to--practice  
 9 within 3 years--from--the--expiration--date--of--the--annual  
 10 license--to--practice--last--obtained--or--renewed--or--3--years--from  
 11 the--date--on--which--the--certificate--holder--or--licensee--was  
 12 granted--his--certificate--or--license--deprives--him--of--the--right  
 13 to--the--annual--license--unless--the--board--in--its--discretion  
 14 determines--the--failure--to--have--been--due--to--excusable--neglect  
 15 A person who fails to renew his license or certificate shall  
 16 promptly surrender it to the board upon request.

17 (3) After the expiration of the 3-year period  
 18 immediately following the effective date of a board rule  
 19 establishing continuing education requirements, each  
 20 application for renewal by a person who has held his  
 21 certificate or license for 3 years or more must be  
 22 accompanied or supported by evidence satisfactory to the  
 23 board of fulfillment of such requirements during the 3-year  
 24 period immediately preceding the application.

25 151 The board may in its discretion waive the

1 requirement stated in subsection (3) if the applicant agrees  
 2 to follow a particular program or schedule of continuing  
 3 education agreeable to the board  
 4 137-A-certificate-holder-or-licensed-public-accountant  
 5 who is retiring from active practice or other employment  
 6 because of ill health, age, marriage or other justifiable  
 7 cause in the opinion of the board may be placed on an  
 8 inactive list without prejudicing his right to be issued an  
 9 annual license at a future date. A request for inactive  
 10 status must be sent to the department within the 3-year  
 11 period as outlined in this section.

12 151 The board may relax or suspend continuing  
 13 education requirement for an applicant who certifies that  
 14 he does not intend to engage in the practice of public  
 15 accountancy and for an applicant who cannot fulfill the  
 16 requirement due to individual hardship.

17 161 Subject to subsections (4) and (5), the board may  
 18 revoke, suspend, or refuse to renew the certificate or  
 19 license of an applicant who fails to furnish evidence of  
 20 having met the continuing education requirements established  
 21 by the board.

22 Section 14. Section 37-50-315, MCA, is amended to  
 23 read:

24 37-50-315. Deposit of moneys collected. Fees and  
 25 other moneys collected by the department under this chapter

1 shall be deposited in the earmarked revenue fund for the use  
 2 of the board; ~~subject-to-37-3-304&67.~~"

3 Section 15. Section 37-50-321, MCA, is amended to  
 4 read:

5 "37-50-321. Revocation, suspension, or refusal to  
 6 renew certificate or license. After notice and hearing as  
 7 provided in 37-50-341, the board may revoke or may suspend  
 8 any certificate issued under 37-50-302 or any registration  
 9 license granted under 37-50-303 ~~(section 21)~~ or may revoke,  
 10 suspend, or refuse to renew any license issued under  
 11 37-50-314 or may censure the holder of any such license for  
 12 any one or any combination of the following causes:

13 (1) fraud or deceit in obtaining a certificate as  
 14 certified public accountant or in obtaining a license to  
 15 practice public accounting under this chapter;

16 (2) dishonesty, fraud, or gross negligence in the  
 17 practice of public accounting;

18 (3) violation of any of the provisions of 37-50-301;

19 (4) violation of a rule of professional conduct  
 20 promulgated by the board under the authority granted by this  
 21 chapter;

22 (5) conviction of a felony under the laws of any state  
 23 or of the United States;

24 (6) conviction of any crime, an element of which is  
 25 dishonesty or fraud, under the laws of any state or of the

1 United States;

2 (7) cancellation, revocation, suspension, or refusal  
 3 to renew authority to practice as a certified public  
 4 accountant or a public accountant by any other state for any  
 5 cause other than failure to pay an annual registration fee  
 6 in such other state;

7 (8) suspension or revocation of the right to practice  
 8 before any state or federal agency;

9 ~~(9) --feiture-- of --a--certificate--holder--or--licensed~~  
 10 ~~accountant--to--obtain--an--annuit--license--under--37-50-314~~  
 11 ~~within--either--3--years--from--the--expiration--date--of--the~~  
 12 ~~license--to--practice--test--obtained--or--renewed--by--said~~  
 13 ~~certificate--holder--or--registrant--or--3--years--from--the--date~~  
 14 ~~upon--which--the--certificate--holder--or--licensed--accountant--was~~  
 15 ~~granted--his--certificate--or--registration--unless--such--feiture~~  
 16 ~~shall--have--been--excused--by--the--board--pursuant--to--the~~  
 17 ~~provisions--of--37-50-314."~~

18 Section 16. Section 37-50-331, MCA, is amended to  
 19 read:

20 "37-50-331. Partnership composed of certified public  
 21 accountants -- registration. (1) A partnership ~~that is or~~  
 22 ~~plans to become~~ engaged in this state in the practice of  
 23 public accounting ~~may shall~~ register with the department as  
 24 a partnership of certified public accountants provided it  
 25 meets the following requirements:

1       ~~At least one general partner must be a certified~~  
 2       ~~public accountant of this state in good standing and must~~  
 3       ~~hold a license issued under 37-50-314 which is in effect.~~  
 4       ~~Each partner or manager personally engaged in~~  
 5       ~~this state in the practice of public accounting must be a~~  
 6       ~~certified public accountant of this state in good~~  
 7       ~~standing and must hold a license issued under 37-50-314~~  
 8       ~~which is in effect be certified under this chapter.~~

9       ~~Each partner must be a certified public~~  
 10      ~~accountant of some state in good standing.~~

11      ~~Each staff member who is employed in this state~~  
 12      ~~and who is certified under 37-50-302 or registered under~~  
 13      ~~37-50-303 must hold a license issued under 37-50-314 which~~  
 14      ~~is in effect.~~

15      (2) Application for registration must be made on the  
 16      affidavit of a general partner of the partnership who is a  
 17      certified public accountant of this state in good standing.  
 18      The board shall in each case determine whether the applicant  
 19      is eligible for registration. A partnership which is  
 20      registered may use the words "certified public accountants"  
 21      or the abbreviation "CPAs" in connection with its  
 22      partnership name. Notification shall be given the  
 23      department within 1 month after the admission to or  
 24      withdrawal of a partner from a partnership so registered."

25      Section 17. Section 37-50-332, MCA, is amended to

1       read:

2       ~~"37-50-332. Corporation composed of certified public~~  
 3       ~~accountants -- registration. (1) A professional service~~  
 4       ~~corporation organized for the practice of public accounting~~  
 5       ~~may must register with the board as a corporation of~~  
 6       ~~certified public accountants provided it meets the following~~  
 7       ~~requirements:~~

8       ~~(a) The sole purpose and business of the corporation~~  
 9       ~~must be to furnish to the public services not inconsistent~~  
 10      ~~with this chapter or the rules of the board, but the~~  
 11      ~~corporation may invest its funds in a manner not~~  
 12      ~~incompatible with the practice of public accounting.~~

13      ~~At least one shareholder thereof must be a~~  
 14      ~~certified public accountant of this state in good standing~~  
 15      ~~and must hold a license issued under 37-50-314 which is in~~  
 16      ~~effect.~~

17      ~~Each shareholder of the corporation must be a~~  
 18      ~~certified public accountant of some state in good standing~~  
 19      ~~and must be principally employed by the corporation or~~  
 20      ~~actively engaged in its business. No other person may have~~  
 21      ~~any interest in the stock of the corporation. The principal~~  
 22      ~~of the corporation and any officer or director having~~  
 23      ~~authority over the practice of public accounting by the~~  
 24      ~~corporation must be certified public accountants of some~~  
 25      ~~state in good standing.~~

1        ~~td91cl~~ Each shareholder, officer, or manager of the  
 2 corporation personally engaged within this state in the  
 3 practice of public accounting as a member thereof must be a  
 4 certified public accountant of this same state in good  
 5 standing and must hold--a--license--issued--under--37-50-314  
 6 which--is--in--effect ~~be certified under this chapter.~~

7        ~~(e) Each staff member who is employed within this~~  
 8 state--and--who--is--certified--under--37-50-302--or--registered  
 9 under--37-50-303--must--also--hold--a--license--issued--under  
 10 37-50-314 which--is--in--effect.

11        ~~(f) In order to facilitate compliance with the~~  
 12 provisions--of--this--section--relating--to--the--ownership--of  
 13 stock--there--must--be--a--written--agreement--binding--the  
 14 corporation--or--the--qualified--shareholders--to--purchase--any  
 15 shares--offered--for--sale--by--or--not--under--the--ownership--or  
 16 effective--control--of--a--qualified--shareholder--and--binding--any  
 17 shareholder--not--a--qualified--shareholder--to--sell--such--shares  
 18 to--the--corporation--or--the--qualified--shareholders--The  
 19 agreement--must--be--noted--on--each--certificate--of--corporate  
 20 stock.

21        (2) Application for such registration must be made  
 22 upon the affidavit of a shareholder who holds a permit to  
 23 practice in this state as a certified public accountant. The  
 24 board shall determine whether the applicant is eligible for  
 25 registration. A corporation which is so registered may use

1        the words "certified public accountant" or the abbreviation  
 2 "CPA" in connection with its corporation name. Notification  
 3 shall be given the board within 1 month after the admission  
 4 or withdrawal of a shareholder of a corporation so  
 5 registered."

6        Section 18. Section 37-50-333, MCA, is amended to  
 7 read:

8        ~~37-50-333. Partnership composed of public accountants~~  
 9 -- registration. (1) A partnership engaged in this state in  
 10 the practice of public accounting ~~may~~ ~~must~~ register with the  
 11 department as a partnership of ~~licensed~~ public accountants  
 12 provided it meets the following requirements:

13        (a) At least one general partner must be a certified  
 14 public accountant or a licensed public accountant of this  
 15 state in good standing and a holder of a license issued  
 16 under 37-50-314 which is in effect.

17        (b) Each partner personally engaged in this state in  
 18 the practice of public accounting must be a certified public  
 19 accountant or a licensed public accountant of this state in  
 20 good standing and a holder of a license issued under  
 21 37-50-314 which is in effect.

22        (c) Each local manager in charge of an office or a  
 23 firm in this state must be a certified public accountant or  
 24 a licensed public accountant of this state in good standing  
 25 and a holder of a license issued under 37-50-314 which is in

1 effect.

2        --Each--staff--member-employed-within-this-state-and 3 who--is--certified--under--37-50-302--or--registered---under 4 37-50-303--must--hold-a-license--issued-under-37-50-314--which 5 is-in-effect. |

6       (2) Application for registration must be made on the  
7 affidavit of a general partner of the partnership who holds  
8 a license to practice in this state as a certified public  
9 accountant or as a licensed public accountant. The board  
10 shall in each case determine whether the applicant is  
11 eligible for registration. A partnership which is registered  
12 may use the words "public accountants" in connection with  
13 its partnership name. Notification shall be given the  
14 department within 1 month after the admission to or  
15 withdrawal of a partner from a partnership so registered.

16       Section 19. Section 37-50-334, MCA, is amended to  
17 read:

18       "37-50-334. Corporation composed of public accountants  
19 -- registration. (1) A professional service corporation  
20 organized for the practice of public accounting may ~~must~~  
21 register with the board as a corporation of public  
22 accountants provided it meets the following requirements:

23       (a) The sole purpose and business of the corporation  
24 must be to furnish to the public services not inconsistent  
25 with this chapter or the rules of the board, but the

1 corporation may invest its funds in a manner not  
2 incompatible with the practice of public accounting.

3       (b) At least one shareholder thereof must be a  
4 certified public accountant or public accountant of this  
5 state in good standing and must hold a license issued under  
6 37-50-314 which is in effect.

7       (c) Each shareholder of the corporation must be a  
8 certified public accountant or ~~a~~ licensed public accountant  
9 of some state in good standing and must be principally  
10 employed by the corporation or actively engaged in its  
11 business. No other person may have any interest in the stock  
12 of the corporation. The principal of the corporation and any  
13 officer or director having authority over the practice of  
14 public accounting by the corporation must be certified  
15 public accountants or public accountants of some state in  
16 good standing.

17       (d) Each shareholder of the corporation personally  
18 engaged within this state in the practice of public  
19 accounting as a member thereof must be a certified public  
20 accountant or ~~a~~ licensed public accountant of this state in  
21 good standing and must hold a license issued under 37-50-314  
22 which is in effect.

23        --Each--staff--member--who--is--employed-within-this 24 state-and-who-is-certified--under--37-50-302--or--registered 25 under--37-50-303--must--also--hold--a--license--issued--under |

## 1 37-50-314-which-is-in-effect

2 ~~ffiel~~ In order to facilitate compliance with the  
 3 provisions of this section relating to the ownership of  
 4 stock, there must be a written agreement binding the  
 5 corporation or the qualified shareholders to purchase any  
 6 shares offered for sale by or not under the ownership or  
 7 effective control of a qualified shareholder and binding any  
 8 shareholder not a qualified shareholder to sell such shares  
 9 to the corporation or the qualified shareholders. The  
 10 agreement must be noticed on each certificate of corporate  
 11 stock.

12 (2) Application for such registration must be made  
 13 upon the affidavit of a shareholder who holds a permit  
 14 certificate or license to practice in this state as a  
 15 certified public accountant or licensed public accountant.  
 16 The board shall determine whether the applicant is eligible  
 17 for registration. A corporation which is so registered may  
 18 use the words "public accountant" or the abbreviation "PA"  
 19 in connection with its corporation name. Notification shall  
 20 be given the board within 1 month after the admission or  
 21 withdrawal of a shareholder of a corporation so registered."

22 Section 20. Section 37-50-335, NCA, is amended to  
 23 read:

24 "37-50-335. Registration of offices. Each office  
 25 established or maintained in this state for the practice of

1 public accounting in this state by a certified public  
 2 accountant or a partnership or corporation of certified  
 3 public accountants or by a licensed public accountant or a  
 4 partnership or corporation of licensed public accountants or  
 5 by one registered under 37-50-313 shall be registered  
 6 annually with the department. A fee may not be charged for  
 7 this registration. ~~The-principals--of--state--proprietorships~~  
 8 ~~and--staff--employees-who-are-employed-in-this-state-and-who~~  
 9 ~~are-holders-of-certificates-as-certified-public--accountants~~  
 10 ~~must--also-hold-licenses-issued-under-37-50-314-which-are-in~~  
 11 ~~effect--Partnerships-and--corporations--must--be--registered~~  
 12 ~~under---37-50-331v---37-50-332v---37-50-333v---or---37-50-334v~~  
 13 ~~whichever-is-applicable-and-foreign-accountants--under--the~~  
 14 ~~provisions--of--37-50-313v. In addition, each individual~~  
 15 ~~engaged-in-this-state-in-the-practice-of-public-accounting~~  
 16 ~~must-be-certified-or-licensed-annually-under-37-50-314v."~~  
 17 ~~NEW-SECTION--Section-21--Continued---+censure---of~~  
 18 ~~currently--licensed--public--accountants---+censure--as--a~~  
 19 ~~licensed--public--accountant--is--available--to--any--person~~  
 20 ~~licensed-as-such-on--duty--in--1979--in--addition--persons~~  
 21 ~~serving--in--the--armed--forces--of--the--United--States--on--duty--in~~  
 22 ~~1979--who--immediately--prior--to--entering--this--service--held~~  
 23 ~~themselves--out--to--the--public--as--licensed--public--accountants~~  
 24 ~~and--who--were--engaged--as--principals--in--this--state--in--the~~  
 25 ~~practice--of--public--accounting--as--their--principal--occupation~~

1 prior-to-service-in-the-armed-forces--may-register-with--the  
 2 department---within---6--months--after--the--date--of--their  
 3 separation-from-active--service--and--on--registration--and  
 4 payment--of--the--license--fee--be--issued-a--license--by--the  
 5 department-as-a--licensed-public-accountant--A--principat--is  
 6 either--the--owner--of--or--a--partner--in--an--existing--accounting  
 7 practice.

8 NEW SECTION. Section 21. Duties of the department.

9 The department shall:

10 (1) assist the board in transactions of its business  
 11 and keep a record of the board's official action; and  
 12 (2) assess to the board the reasonable costs of the  
 13 department incurred in assisting the board.

14 NEW SECTION. Section 22. Existing orders and rules  
 15 effective until revoked or modified. All orders and rules  
 16 relating to the practice of accounting made by the board of  
 17 public accountants prior to July 1, 1979, remain in effect  
 18 until revoked or modified in accordance with law.

19 NEW SECTION. Section 23. Continuation of funds. All  
 20 unexpended balances of appropriations, allocations, or other  
 21 funds of the board of public accountants shall continue to  
 22 be used by the board of public accountants, as reestablished  
 23 in this act, for the purpose of regulating the practice of  
 24 accounting.

25 Section 24. Transition. The terms of office of persons

1 who are members of the board of public accountants on July  
 2 1, 1979, expire on July 31, 1979. Initial appointments to  
 3 the new board shall be made by the governor before July 31,  
 4 1979. The governor shall designate three appointees to serve  
 5 initial terms of 1 year, three appointees to serve initial  
 6 terms of 2 years, and three appointees to serve initial  
 7 terms of 3 years. Thereafter appointments shall be for terms  
 8 of 3 years as provided in section 3.

9 Section 25. Codification. Sections 21 and 22 are  
 10 intended to be codified as an integral part of Title 37,  
 11 chapter 50. The provisions of Title 37, chapter 50, apply to  
 12 sections 21 and 22, and sections 21 and 22 apply to Title  
 13 37, chapter 50. All references in the MCA to Title 37,  
 14 chapter 50, include sections 21 and 22.

15 Section 26. Repeater. Sections 37-50-303v-37-50-304v  
 16 37-50-306v AND 37-50-307, and 37-50-312v MCA, are repealed.

17 Section 27. Effective date of certain sections.  
 18 Sections 1 and 2 are effective on passage and approval.

-End-

STATEMENT OF INTENT RE: SB 489

ment of intent is required by Senate Bill No. 132, which it delegates rulemaking authority to the Board of Accountants in Sections 7 and 13.

7           1. The Board may establish rules setting standards for  
8 determining a practitioner's competency in specialized  
9 fields of accounting. It is contemplated the rules should  
10 address the following:

11           (a) the fields of specialized practice such as  
12        auditing of financial institutions, auditing of governmental  
13        entities, estate tax planning and other fields requiring  
14        specialized knowledge;

15 (b) types of programs required for determining  
16 competency such as classroom instruction, seminars,  
17 homestudy, experience, examination or any combination  
18 thereof;

19 (c) standards for determining programs to be approved  
20 for fulfillment of the requirements such as adequacy of  
21 facilities, qualifications of instructors, course content  
22 and endorsement by other regulatory agencies or professional  
23 or educational groups;

24 (d) the number of hours of instruction or experience,  
25 if any, required;

- 1        (e) contents of examinations, if any, required;
- 2        (f) alternative methods of fulfilling the requirements
- 3        such as intrafirm or company programs and a provision for
- 4        waiver of the requirements for hardship.

5 The rules may not prohibit the person holding a license  
6 or certificate from practicing in any area or field of  
7 public accounting nor affect his ability to acquire annual  
8 renewal of his certificate or license.

9           2. The Board may establish rules governing education  
10        requirements for certification or licensure. It is  
11        contemplated that the rules should supplement and interpret  
12        37-50-305 as amended by the bill by:

13                   (a) making determinations as to recognized colleges  
14 and universities. The Board may use the University System  
15 schools of business as a yardstick;

16 (b) determining standards for accepting college  
17 graduates with majors other than accounting, including but  
18 not limited to:

19 (i) the minimum number of accounting credits required;  
20 (ii) subjects of courses allowed as supplementary  
21 business-related courses; and

22 (iii) the total number of credits required in business  
23 administration.

24       3. The Board may adopt rules prescribing continuing  
25 education for continued practice in public accounting. It is

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1 contemplated that they should address the following:

2       (a) types of programs required for determining

3 knowledge and competence such as classroom instruction,

4 seminars, homestudy, experience, examination, or any

5 combination thereof;

6       (b) standards for determining programs to be approved

7 for fulfillment of the requirements such as adequacy of

8 facilities, qualifications of instructors, course content

9 and endorsement by other regulatory agencies or professional

10 or national groups;

11       (c) the number of hours of instruction or experience,

12 if any, required;

13       (d) contents of examinations, if any, required;

14       (e) alternative methods of fulfilling the requirements

15 such as intrafirm or intracompany programs or prospective

16 programs of study;

17       (f) methods of monitoring and enforcement;

18       (g) the rules may not deny a person the ability to

19 acquire annual renewal of his certificate or license if

20 continuing education requirements constitute a hardship due

21 to inaccessibility to programs or interference with an

22 interstate practice;

23       (h) the rules should reflect standards for continuing

24 education programs to ensure equal access, reasonable cost,

25 exceptions for financial or physical hardships or

1 impediments and reference to areas commonly and not rarely

2 practiced by those engaged in public accounting.

3       4. The Board may establish rules governing

4 partnerships and corporations practicing public accountancy.

5 It is contemplated that the rules should address the

6 following:

7       (a) the financial ability of a partnership or

8 corporation to protect the public from damages caused by

9 negligence or malpractice, if any;

10       (b) the method of establishing financial ability such

11 as unimpaired capital, professional liability insurance,

12 self-insurance or mutual insurance, or agreement;

13       (c) other areas of regulation regarding firm style,

14 name, title, affiliations, and joint and several liability

15 of members or shareholders are governed by existing

16 statutory law regulating partnerships and professional

17 corporations.

18       5. The Board may establish rules setting forth terms,

19 not exceeding two years, and areas of experience for

20 original certification or licensure. It is contemplated

21 that the rules should address the following:

22       (a) the duration of experience required, not to exceed

23 two years;

24       (b) the areas of experience such as private, public or

25 governmental accounting, or accounting experience as an

1     educator, researcher, publisher or military serviceman, or  
2     combination thereof;

3         (c) the rules should not discriminate between the  
4     areas of experience.

5         6. Section 13 allows the Board to prescribe a  
6     reasonable annual renewal fee. It is intended that the fee  
7     not exceed an amount necessary to meet administrative costs.

8         First adopted by the SENATE STATE ADMINISTRATION  
9     COMMITTEE on February 21, 1979.

1 2-15-1644;

2        t~~ef~~tbl board of architects, department of professional

3 and occupational licensing, created by 2-15-1651;

4        t~~ef~~tbl state banking board, department of business

5 regulation, created by 2-15-1903;

6        t~~ef~~tbl state electrical board, department of

7 professional and occupational licensing, created by

8 2-15-1654;

9        t~~ef~~tbl board of professional engineers and land

10 surveyors, department of professional and occupational

11 licensing, created by 2-15-1653;

12       t~~ef~~tbl office of commissioner of insurance and the

13 insurance department, state auditor's office, created by

14 2-15-1902 and 2-15-1903;

15       t~~ef~~tbl office of the investment commissioner, state

16 auditor's office, created by 2-15-1901;

17       t~~ef~~tbl board of landscape architects, department of

18 professional and occupational licensing, created by

19 2-15-1652;

20       t~~ef~~tbl board of county printing, department of

21 community affairs, created by 2-15-1102;

22       t~~ef~~tbl board of plumbers, department of professional

23 and occupational licensing, created by 2-15-1655;

24       t~~ef~~tbl board of real estate, department of

25 professional and occupational licensing, created by

1 2-15-1642;  
 2       state board of warm air heating, ventilation,  
 3 and air conditioning, department of professional and  
 4 occupational licensing, created by 2-15-1656;  
 5       state board of institutions, department of  
 6 institutions, created by 2-15-2303.  
 7       (2) The following agencies shall terminate on July 1,  
 8 1981:  
 9       (a) commission for human rights, department of labor  
 10 and industry, created by 2-15-1706;  
 11       (b) board of athletics, department of professional and  
 12 occupational licensing, created by 2-15-1661;  
 13       (c) board of barbers, department of professional and  
 14 occupational licensing, created by 2-15-1625;  
 15       (d) board of chiropractors, department of professional  
 16 and occupational licensing, created by 2-15-1613;  
 17       (e) board of cosmetologists, department of  
 18 professional and occupational licensing, created by  
 19 2-15-1626;  
 20       (f) board of dentists, department of professional and  
 21 occupational licensing, created by 2-15-1606;  
 22       (g) board of hearing aid dispensers, department of  
 23 professional and occupational licensing, created by  
 24 2-15-1616;  
 25       (h) board of massage therapists, department of

1       professional and occupational licensing, created by  
 2 2-15-1627;  
 3       (i) Montana state board of medical examiners,  
 4 department of professional and occupational licensing,  
 5 created by 2-15-1605;  
 6       (j) board of morticians, department of professional  
 7 and occupational licensing, created by 2-15-1619;  
 8       (k) board of nursing, department of professional and  
 9 occupational licensing, created by 2-15-1610;  
 10       (l) board of nursing home administrators, department  
 11 of professional and occupational licensing, created by  
 12 2-15-1611;  
 13       (m) board of optometrists, department of professional  
 14 and occupational licensing, created by 2-15-1612;  
 15       (n) board of osteopathic physicians, department of  
 16 professional and occupational licensing, created by  
 17 2-15-1607;  
 18       (o) board of pharmacists, department of professional  
 19 and occupational licensing, created by 2-15-1609;  
 20       (p) board of podiatry examiners, department of  
 21 professional and occupational licensing, created by  
 22 2-15-1608;  
 23       (q) board of psychologists, department of professional  
 24 and occupational licensing, created by 2-15-1617;  
 25       (r) board of radiologic technologists, department of

1 professional and occupational licensing, created by  
 2 2-15-1614;

3 (s) board of speech pathologists and audiologists,  
 4 department of professional and occupational licensing,  
 5 created by 2-15-1615;

6 (t) board of veterinarians, department of professional  
 7 and occupational licensing, created by 2-15-1618;

8 (u) board of veterans' affairs, department of social  
 9 and rehabilitation services, created by 2-15-2202.

10 (3) The following units of state government shall  
 11 terminate on July 1, 1983:

12 (a) board of aeronautics, department of community  
 13 affairs, created by 2-15-1103;

14 (b) state board of hail insurance, department of  
 15 agriculture, created by 2-15-3003;

16 (c) board of horseracing, department of professional  
 17 and occupational licensing, created by 2-15-1662;

18 (d) board of livestock, department of livestock,  
 19 created by 2-15-3102;

20 (e) board of milk control, department of business  
 21 regulation, created by 2-15-1902;

22 (f) board of oil and gas conservation, department of  
 23 natural resources and conservation, created by 2-15-3303;

24 (g) Montana outfitters council, department of fish and  
 25 game, created by 2-15-3403;

1 (h) public service commission, department of public  
 2 service regulation, created by 69-1-102;

3 (i) board of sanitarians, department of professional  
 4 and occupational licensing, created by 2-15-1631;

5 (j) board of water and wastewater operators,  
 6 department of health and environmental sciences, created by  
 7 2-15-2105;

8 (k) board of water well contractors, department of  
 9 professional and occupational licensing, created by  
 10 2-15-1632.

11 ~~the following agency terminates on July 1, 1983:~~  
 12 ~~the board of public accountants created by 2-15-1641~~

13 Section 3. Section 2-15-1641, MCA, is amended to read:  
 14 "2-15-1641. Board of public accountants. (1) There is  
 15 a board of public accountants.

16 (2) The board consists of five ~~nine~~ ~~ELVE~~ members  
 17 appointed by the governor. The members are:

18 (a) ~~three~~ ~~four~~ ~~THREE~~ certified public accountants  
 19 certified under 37-50-302 ~~title 37~~ ~~chapter 50~~, who have  
 20 been ~~are~~ certified and actively engaged in the practice of  
 21 public accounting and ~~who have held a valid certificate~~ for  
 22 at least 5 years before their appointment. The Montana  
 23 society of certified public accountants shall submit to the  
 24 governor ~~biennially~~ annually a list of names of two  
 25 candidates from which the appointments of these members may

1 be made. However, the governor is not restricted to the  
 2 names on this list. These members may not be residents of  
 3 the same county.

4 ~~that are certified public accountants who are not~~  
 5 ~~actively engaged in the practice of public accounting and~~  
 6 ~~who have been certified for at least 5 years before his~~  
 7 ~~appointment. When an appointment in this category is~~  
 8 ~~necessary, the Montana society of certified public~~  
 9 ~~accountants shall submit to the governor a list of names of~~  
 10 ~~two candidates from which the appointment of this member may~~  
 11 ~~be made. However, the governor is not restricted to the~~  
 12 ~~names on this list.~~

13 ~~that are~~ two ONE licensed public accountants  
 14 ACCOUNTANT licensed under 37-50-303 Title 37, chapter 50,  
 15 who have been are IS actively engaged in the practice of  
 16 public accounting and who have HAS held a valid license for  
 17 at least 5 years before their MIS appointment. When an  
 18 appointment in this category is necessary, the Montana  
 19 society of public accountants shall submit to the governor  
 20 bimonthly a list of n names of two candidates from which the  
 21 appointment of these members may be made. However, the  
 22 governor is not restricted to the names on this list. These  
 23 members may not be residents of the same county. If there is  
 24 no licensed public accountant known by the governor to be  
 25 qualified and willing to serve in this position, the

1 governor may appoint a certified public accountant meeting  
 2 the qualifications provided in 211(a)  
 3 that are two members of the general public who are not  
 4 engaged in the practice of public accounting. These members  
 5 may not be residents of the same county. ONE MEMBER OF THE  
 6 GENERAL PUBLIC WHO IS NOT ENGAGED IN THE PRACTICE OF PUBLIC  
 7 ACCOUNTING.

8 (3) All members shall be residents of this state and  
 9 citizens of the United States and hold current licenses  
 10 under 37-50-324. The governor shall remove any member whose  
 11 license to practice has become void, revoked, or suspended  
 12 or who ceases to be engaged in the practice of public  
 13 accounting. Each appointment is subject to confirmation by  
 14 the senate and shall be submitted for consideration at the  
 15 next regular session following appointment.

16 (4) Each member shall serve for a term of 6 1/2 years. A  
 17 member who has served two successive complete terms is not  
 18 eligible for reappointment until after the lapse of 1 year.  
 19 The governor may, after a hearing, remove a member for  
 20 neglect of duty or other just cause.

21 (5) The board is allocated to the department for  
 22 administrative purposes only as prescribed in 2-15-121."

23 Section 4. Section 37-50-102, MCA, is amended to read:  
 24 "37-50-102. Exemptions. (1) Nothing contained in this  
 25 chapter shall prohibit any person not a certified public

1 accountant or licensed public accountant from serving as an  
2 employee of or an assistant to a certified public accountant  
3 or a licensed public accountant holding a license to  
4 practice under 37-50-314 or a partnership or corporation  
5 composed of certified public accountants or licensed public  
6 accountants registered under this chapter or a foreign  
7 accountant registered under 37-50-313 provided that such  
8 employee or assistant shall not issue any accounting or  
9 financial statement over his name.

10       t27--Nothing-contained-in-this-chapter-shall-prohibit-a  
11       certified-public-accountant-or-a-licensed-public--accountant  
12       of--another-state-or-any-accountant-who-holds-a-certificate  
13       degree-or-license--in--a--foreign--country--constituting--a  
14       recognized---qualification---for---the--practice--of--public  
15       accounting-in-such-country-from--temporarily--practicing--in  
16       this--state-on-professional-business-incident-to-his-regular  
17       practice-outside-this-state--provided--that--such--temporary  
18       practice--is--conducted--in--conformity--with--the--rules-of  
19       professional-conduct-promulgated-by-the-boards."

20 Section 5. Section 37-50-201, MCA, is amended to read:  
21 "37-50-201. Organization -- general rulemaking power  
22 -- quorum -- seal -- records. (1) The board shall elect  
23 annually a chairman, secretary, and treasurer from its  
24 members.

25 (2) The board may adopt rules for the conduct of its

1       affairs and the administration of this chapter.

2               (3) A quorum for the transaction of business consists

3       of three ~~five~~ five members of the board.

4               (4) The board shall have a seal which shall be

5       judicially noticed.

6               (5) The department shall keep records of the board's

7       proceedings. In a proceeding in court, civil or criminal,

8       arising out of or founded on this chapter, copies of these

9       records certified as correct under the seal of the board are

10      admissible in evidence as tending to prove the content of

11      these records."

12      Section 6. Section 37-50-202, MCA, is amended to read:

13               "37-50-202. Compensation of members -- expenses. Each

14       member of the board shall receive as compensation \$20 for

15       each day while actually engaged in the duties of his office

16       and -- in -- addition -- shall be reimbursed for travel expenses

17       provided for in 2-18-504 through 2-18-508 -- connected -- with

18       the discharge of his official duties. is entitled to:

19               (i) a mileage allowance as provided in 2-18-503;

20               (ii) expenses as provided in 2-18-501 and 2-18-502; and

21               (iii) a salary equal to one-fourth the daily rate of a

22       grade B1 step 11 classified state employee for every 6

23       hours or fraction thereof spent away from home on board

24       business."

25      Section 7. Section 37-50-203, MCA, is amended to read:

1        "37-50-203. Rules of professional conduct the board --  
 2        solicitation of advisory comments. ~~III~~ The board ~~may~~ adopt  
 3        such rules consistent with the purposes of this chapter as  
 4        it considers necessary.

5        ~~(a) (1)~~ The board ~~may~~ make shall adopt:  
 6        (a) rules of professional conduct appropriate to  
 7        establish and maintain a high standard of integrity,  
 8        dignity, and competency in the profession of public  
 9        accountancy including competency in specific fields of  
 10        public accountancy;

11        (b) rules of procedure governing the conduct of  
 12        matters before the board;

13        (c) rules governing education requirements for  
 14        issuance of the certificate of a certified public accountant  
 15        AND THE LICENSE FOR LICENSED PUBLIC ACCOUNTANT;

16        (d) rules prescribing requirements for continuing  
 17        education to be met by certified public accountants AND  
 18        LICENSED PUBLIC ACCOUNTANTS, in order to maintain their  
 19        professional knowledge and competence, as a condition to  
 20        continuing in the practice of public accountancy. In issuing  
 21        rules and individual orders regarding continuing education  
 22        the board, in its discretion;

23        ~~(e)~~ may, among other things, use or rely upon  
 24        guidelines and pronouncements of recognized educational and  
 25        professional associations;

1        ~~(f)~~ may prescribe the contents, duration, and  
 2        organization of courses, and  
 3        ~~(g)~~ shall take into account the accessibility to  
 4        applicants of such continuing education as it may require  
 5        and any impediments to interstate practice of public  
 6        accountancy that may result from differences in such  
 7        requirements in other states;

8        ~~(h)~~ rules governing partnerships and corporations  
 9        practicing public accounting, including but not limited to  
 10        rules concerning their style, names, titles, and affiliation  
 11        with any other organization and establishing reasonable  
 12        standards with respect to professional liability insurance  
 13        and unimpaired capital and prescribing joint and several  
 14        liability for torts relating to professional services for  
 15        shareholders of any such corporation failing to comply with  
 16        such standards; and

17        ~~(i)~~ rules setting forth the terms, not exceeding 2  
 18        years, and areas of experience required for certification as  
 19        a certified public accountant AND LICENSING AS A LICENSED  
 20        PUBLIC ACCOUNTANT;

21        ~~(j)~~ At least 60 days prior to the adoption of a  
 22        rule or amendment, the department shall mail copies of the  
 23        proposed rule or amendment to each holder of a CERTIFICATE  
 24        OR license issued under 37-50-314, with a notice advising  
 25        him of the proposed effective date of the rule or amendment

1 and requesting that he submit his comments on it at least 15  
 2 days prior to the effective date. These comments are  
 3 advisory only. The department's certificate of mailing to  
 4 licensed accountants is conclusive proof thereof."

5 Section 8. Section 37-50-301, MCA, is amended to read:

6 "37-50-301. Illegal use of title. (1) No person may  
 7 assume or use the title or designation "certified public  
 8 accountant" or the abbreviation "CPA" or any other title,  
 9 designation, words, letters, abbreviation, sign, card, or  
 10 device tending to indicate that such person is a certified  
 11 public accountant unless such person has received a  
 12 certificate as a certified public accountant under  
 13 ~~37-50-302--holds-a--license-issued-under-37-50-314--which--is~~  
 14 ~~not--revoked--or--suspended--in some state and is certified~~  
 15 ~~under 37-50-302, 37-50-310, or 37-50-311~~ and all of such  
 16 person's offices in this state for the practice of public  
 17 accounting are maintained and registered as required under  
 18 37-50-335. However, a foreign accountant who has registered  
 19 under the provisions of 37-50-313 ~~and who--holds--a--current~~  
 20 ~~license--issued--under--37-50-314~~ may use the title under which  
 21 he is generally known in his country, followed by the name  
 22 of the country from which he received his certificate,  
 23 license, or degree.

24 (2) No partnership or corporation shall assume or use  
 25 the title or designation "certified public accountant" or

1 the abbreviation "CPA" or any other title, designation,  
 2 words, letters, abbreviation, sign, card, or device tending  
 3 to indicate that such partnership or corporation is composed  
 4 of certified public accountants unless it is registered  
 5 under 37-50-331 or 37-50-332, whichever is applicable, and  
 6 all of its offices in this state for the practice of public  
 7 accounting are maintained and registered as required under  
 8 37-50-335.

9 (3) No person may assume or use the title or  
 10 designation "licensed public accountant", "public  
 11 accountant", or any other title, designation, words,  
 12 letters, abbreviation, sign, card, or device tending to  
 13 indicate that such person is a public accountant unless such  
 14 person is registered licensed as a licensed public  
 15 accountant under 37-50-303 ~~this chapter~~, holds a current  
 16 license issued under 37-50-314, and all of such person's  
 17 offices in this state for the practice of public accounting  
 18 are maintained and registered as required under 37-50-335 or  
 19 unless such person has received a certificate as a certified  
 20 public accountant ~~under--37-50-302 in some state~~, holds a  
 21 current license issued under 37-50-314, and all of such  
 22 person's offices in this state for the practice of public  
 23 accounting are maintained and registered as required under  
 24 37-50-335.

25 (4) No partnership or corporation may assume or use

1 the title or designation "licensed public accountant",  
 2 "public accountant", or any other title, designation, words,  
 3 letters, abbreviation, signs, card, or device tending to  
 4 indicate that such partnership or corporation is composed of  
 5 public accountants unless it is registered under 37-50-331,  
 6 37-50-332, 37-50-333, or 37-50-334, whichever is applicable,  
 7 and all of its offices in this state for the practice of  
 8 public accounting are maintained and registered as required  
 9 under 37-50-335.

10 (5) No person, corporation, or partnership may assume  
 11 or use the title or designation "certified accountant",  
 12 "chartered accountant", "enrolled accountant", "licensed  
 13 accountant", "registered accountant", or any other title or  
 14 designation likely to be confused with "certified public  
 15 accountant", "licensed public accountant", "public  
 16 accountant" or any of the abbreviations "CA", "EAM", "LAM", or  
 17 "RAM" or similar abbreviations likely to be confused with  
 18 "CPA". However, anyone-who-holds-a--current--license--issued  
 19 under--37-50-324--and--att--of--whose-offices-in-the-state-for  
 20 the--practice--of--public--accounting--are--maintained--and  
 21 registered--as--required--under--37-50-335--may--hold--himself--out  
 22 to--the--public--as--an--"accountant"--or--"auditor"--as--provided--in  
 23 subsections--t17v-t27v-t37v--and--t47v--and a foreign accountant  
 24 registered--under--37-50-323--who--holds--a--current--license  
 25 issued--under--37-50-324--and--att--of--whose-offices-in-ths

1 state-for-the-practice-of-public-accounting--are--maintained  
 2 and-registered-as-required-under-37-50-335 may use the title  
 3 under which he is generally known in this country, followed  
 4 by the name of the country from which he received his  
 5 certificate, license, or degree.

6 (6) No person may sign or affix his name or any trade  
 7 or assumed name used by him in his profession or business  
 8 with any wording indicating that he is-an-accountant-or  
 9 auditor-or-with-any-wording-indicating-that--he has expert  
 10 knowledge in accounting or auditing to any accounting or  
 11 financial statement or to any opinion on, report on, or  
 12 certificate to any accounting or financial statement unless  
 13 he holds a current license issued under 37-50-314 and all of  
 14 his offices in this state for the practice of public  
 15 accounting are maintained and registered under 37-50-335.  
 16 However, the provisions of this subsection do not prohibit  
 17 any officer, employee, partner, or principal of any  
 18 organization from affixing his signature to any statement or  
 19 report in reference to the financial affairs of that  
 20 organization with any wording designating the position,  
 21 title, or office which he holds in that organization, nor do  
 22 the provisions of this subsection prohibit any act of a  
 23 public official or public employee in the performance of his  
 24 duties as such.

25 (7) No person may sign or affix a partnership or

1 corporation name with any wording indicating that it is a  
 2 partnership or corporation composed of accountants--or  
 3 auditors--or persons having expert knowledge in accounting or  
 4 auditing to any accounting or financial statement or to any  
 5 report on or certificate to any accounting or financial  
 6 statement unless the partnership or corporation is  
 7 registered under 37-50-331, 37-50-332, 37-50-333, or  
 8 37-50-334 and all of its offices in this state for the  
 9 practice of public accounting are maintained and registered  
 10 as required under 37-50-335.

11 (8) No person may assume or use the title or  
 12 designation "certified public accountant" or "public  
 13 accountant" in conjunction with names indicating or implying  
 14 that there is a partnership or corporation or in conjunction  
 15 with the designation "and company" or "and co." or a similar  
 16 designation if, in any such case, there is in fact no bona  
 17 fide partnership or corporation registered under 37-50-331,  
 18 37-50-332, 37-50-333, or 37-50-334. However, a--sole  
 19 proprietor--or--partnership--lawfully--using--such--title--or  
 20 designation-in-conjunction-with-such-name-or-designation--on  
 21 duty--in--1969--may--continue--to--do--so--if--he--or--it--otherwise  
 22 complies--with--the--provisions--of--this--chapter--and--furthermore  
 23 it is lawful for a sole proprietor to continue the use of  
 24 the deceased's name in connection with his business for a  
 25 reasonable period of time after the death of a former

1 partner."

2 Section 9. Section 37-50-302, MCA, is amended to read:  
 3 "37-50-302. Certified public accountants --  
 4 certification -- qualifications and requirements.  
 5 Certification as a certified public accountant is available  
 6 to any person who:  
 7 ~~is--a--citizen--of--the--United--States--or--has--declared~~  
 8 ~~his--intention--of--becoming--a--citizen~~  
 9 ~~is--a--resident--of--this--state--or--has--a--place--of~~  
 10 ~~business--in--this--state--or--is--an--employee--is--regularly~~  
 11 ~~employed--in--this--state~~  
 12 ~~is~~ is of good moral character;  
 13 ~~is~~ has successfully passed the certified public  
 14 accountants' examination; and  
 15 ~~is~~ meets the requirements of education and  
 16 experience-in-37-50-305-and-37-50-306 set forth in this  
 17 chapter and in board rules."

18 Section 10. Section 37-50-305, MCA, is amended to  
 19 read:  
 20 "37-50-305. Education and--experience requirements.  
 21 Education-and-experience-requirements-shall-be-as-follows: A  
 22 candidate for certification as a certified public accountant  
 23 OR LICENSING AS A LICENSED PUBLIC ACCOUNTANT must have  
 24 ~~graduation~~ graduated from a college or university  
 25 accredited--to--offer ACCREDITED TO OFFER recognized by the

1 ~~board-with a baccalaureate degree~~  
 2 ~~111-with-a-concentration-in-accounting; or an~~  
 3 ~~equivalent-education-in-the-judgment-of-the-board; and~~  
 4 ~~two--one--year--of--experience--in--public--private--or~~  
 5 ~~governmental-accounting-of-a-nature-and-quality-satisfactory~~  
 6 ~~to-the-board.~~

7 ~~121-with-a-concentration-other-than-accounting-if~~  
 8 ~~supplemented-by-related-courses-in-other-areas-of-business~~  
 9 ~~administration-and-the-board-determines-that-an-equivalent~~  
 10 ~~education-has-been-achieved."~~

11 Section 11. Section 37-50-308, MCA, is amended to  
 12 read:

13 "37-50-308. Examination. Except as provided in  
 14 37-1-101(4), the department shall hold and grade a written  
 15 examination in accounting, auditing, and related subjects as  
 16 the board determines appropriate. The grade determination of  
 17 the department is final in each case. The department shall  
 18 may use the examination and grading services of the American  
 19 institute of certified accountants. The examination shall be  
 20 held at least annually and at such other times as  
 21 applications warrant. The board may determine the time and  
 22 place of examination and may adopt rules necessary for the  
 23 orderly conduct of the examination."

24 Section 12. Section 37-50-309, MCA, is amended to  
 25 read:

1 "37-50-309. Credit for examinations taken in other  
 2 states. The board may by rule provide for granting credit to  
 3 a candidate for his satisfactory completion of a written  
 4 examination in any one or more of the subjects of  
 5 examination given by the licensing authority in another  
 6 state if-when-he-took-the-examination-he-was-not-a-resident  
 7 of-this-state. These rules shall include requirements the  
 8 board determines appropriate in order that an examination  
 9 approved as a basis for credit is, in the judgment of the  
 10 board, at least as thorough as that included in the most  
 11 recent examination given in this state at the time of  
 12 granting the credit originally was granted by the other  
 13 state for passing the examination."

14 Section 13. Section 37-50-314, MCA, is amended to  
 15 read:

16 "37-50-314. Annual renewal-----fee certification or  
 17 licensure. (1) Annual certificates and licenses to engage in  
 18 the practice of public accounting in this state shall be  
 19 issued by the department to holders-of-the-certificate-of  
 20 certified public accountant accountants issued--under  
 21 37-50-302 and to persons licensed public accountants under  
 22 37-50-303-if-all-offices-if-any-of-the-certificate-holder  
 23 or--licensed-public-accountant-are-maintained-and-registered  
 24 under-37-50-335. There is an annual certificate or license  
 25 renewal fees in an amount to be determined by the board--not

1 to---exceed---\$25---for---a---year---or---part---thereof. Annual  
 2 certificates and licenses expire on December 31 of each year  
 3 and may be renewed for a period of 1 year by certificate  
 4 holders certified public accountants and licensed public  
 5 accountants in good standing on payment of an the annual  
 6 renewal fee of-not-to-exceed-\$25.

7 (2) Failure-of-a-certificate-holder-or-licensed-public  
 8 accountant--to--apply--for--the--annual--license-to-practice  
 9 within-3-years--from--the--expiration--date--of--the--annual  
 10 license-to-practice--last--obtained--or--renewed--or-3-years--from  
 11 the--date--on--which--the-certificate-holder-or-licensee--was  
 12 granted-his-certificate-or-license-deprives-him-of-the-right  
 13 to-the-annual-license--unless-the--board--in--its--discretion  
 14 determines-the-failure-to-have-been-due-to-excusable-neglect  
 15 A person who fails to renew his license or certificate shall  
 16 promptly surrender it to the board upon request.

17 (3) After the expiration of the 3-year period  
 18 immediately following the effective date of a board rule  
 19 establishing continuing education requirements each  
 20 application for renewal by a person who has held his  
 21 certificate or license for 3 years or more must be  
 22 accompanied or supported by evidence satisfactory to the  
 23 board of fulfillment of such requirements during the 3-year  
 24 period immediately preceding the application.

25 (4) The board may in its discretion waive the

1 requirement stated in subsection (3) if the applicant agrees  
 2 to follow a particular program or schedule of continuing  
 3 education agreeable to the board.

4 (5) A certificate-holder-or-licensed-public-accountant  
 5 who-is-retiring-from-active--practice--or--other--employment  
 6 because--of--illness--age--marriage--or-other--justifiable  
 7 cause--in--the--opinion--of--the--board--may--be--placed--on--an  
 8 inactive--list--without--prejudicing--his--right--to--be--issued--on  
 9 annual--license--at--a--future--date--A--request--for--inactive  
 10 status--must--be--sent--to--the--department--within--the--3--year  
 11 period-as-outlined-in--this--sections

12 (5) The board may relax or suspend continuing  
 13 education requirements for an applicant who certifies that  
 14 he does not intend to engage in the practice of public  
 15 accountancy and for an applicant who cannot fulfill the  
 16 requirement due to individual hardships.

17 (6) Subject to subsections (4) and (5), the board may  
 18 revoke, suspend, or refuse to renew the certificate or  
 19 license of an applicant who fails to furnish evidence of  
 20 having met the continuing education requirements established  
 21 by the board.

22 Section 14. Section 37-50-315, MCA, is amended to  
 23 read:

24 "37-50-315. Deposit of moneys collected. Fees and  
 25 other moneys collected by the department under this chapter

1 shall be deposited in the earmarked revenue fund for the use  
 2 of the board--subject-to-37-1-101(6)."

3 Section 15. Section 37-50-321, MCA, is amended to  
 4 read:

5 "37-50-321. Revocation, suspension, or refusal to  
 6 renew certificate or license. After notice and hearing as  
 7 provided in 37-50-341, the board may revoke or may suspend  
 8 any certificate issued under 37-50-302 or any registration  
 9 license granted under 37-50-303 [section 21] or may revoke,  
 10 suspend, or refuse to renew any license issued under  
 11 37-50-314 or may censure the holder of any such license for  
 12 any one or any combination of the following causes:

13 (1) fraud or deceit in obtaining a certificate as  
 14 certified public accountant or in obtaining a license to  
 15 practice public accounting under this chapter;

16 (2) dishonesty, fraud, or gross negligence in the  
 17 practice of public accounting;

18 (3) violation of any of the provisions of 37-50-301;

19 (4) violation of a rule of professional conduct  
 20 promulgated by the board under the authority granted by this  
 21 chapter;

22 (5) conviction of a felony under the laws of any state  
 23 or of the United States;

24 (6) conviction of any crime, an element of which is  
 25 dishonesty or fraud, under the laws of any state or of the

1 United States;

2 (7) cancellation, revocation, suspension, or refusal  
 3 to renew authority to practice as a certified public  
 4 accountant or a public accountant by any other state for any  
 5 cause other than failure to pay an annual registration fee  
 6 in such other state;

7 (8) suspension or revocation of the right to practice  
 8 before any state or federal agency;"

9 ~~"failure--of--a--certificate--holder--or--licensed~~  
 10 ~~accountant--to--obtain--an--annual--license--under--37-50-314~~  
 11 ~~within--either--3--years--from--the--expiration--date--of--the~~  
 12 ~~license--to--practice--last--obtained--or--renewed--by--said~~  
 13 ~~certificate--holder--or--registrant--or--3--years--from--the--date~~  
 14 ~~upon--which--the--certificate--holder--or--licensed--accountant--was~~  
 15 ~~granted--his--certificate--or--registration--unless--such--failure~~  
 16 ~~shall--have--been--excused--by--the--board--pursuant--to--the~~  
 17 ~~provisions--of--37-50-314."~~

18 Section 16. Section 37-50-331, MCA, is amended to  
 19 read:

20 "37-50-331. Partnership composed of certified public  
 21 accountants -- registration. (1) A partnership ~~that is or~~  
 22 ~~plans to become~~ engaged in this state in the practice of  
 23 public accounting ~~may shall~~ register with the department as  
 24 a partnership of certified public accountants provided it  
 25 meets the following requirements:

1        ~~at least one general partner must be a certified~~  
 2        ~~public accountant of this state in good standing and must~~  
 3        ~~hold a license issued under 37-50-324 which is in effect.~~  
 4        ~~Each partner or manager personally engaged in~~  
 5        ~~this state in the practice of public accounting must be a~~  
 6        ~~certified public accountant of this same state in good~~  
 7        ~~standing and must hold a license issued under 37-50-324~~  
 8        ~~which is in effect be certified under this chapter.~~

9        ~~Each partner must be a certified public~~  
 10       ~~accountant of some state in good standing.~~

11       ~~Each staff member who is employed in this state~~  
 12       ~~and who is certified under 37-50-302 or registered under~~  
 13       ~~37-50-303 must hold a license issued under 37-50-324 which~~  
 14       ~~is in effect.~~

15       (2) Application for registration must be made on the  
 16       affidavit of a general partner of the partnership who is a  
 17       certified public accountant of this state in good standing.  
 18       The board shall in each case determine whether the applicant  
 19       is eligible for registration. A partnership which is  
 20       registered may use the words "certified public accountants"  
 21       or the abbreviation "CPAs" in connection with its  
 22       partnership name. Notification shall be given the  
 23       department within 1 month after the admission to or  
 24       withdrawal of a partner from a partnership so registered.

25       Section 17. Section 37-50-332, MCA, is amended to

1        read:  
 2        "37-50-332. Corporation composed of certified public  
 3        accountants -- registration. (1) A professional service  
 4        corporation organized for the practice of public accounting  
 5        may ~~must~~ register with the board as a corporation of  
 6        certified public accountants provided it meets the following  
 7        requirements:

8        (a) The sole purpose and business of the corporation  
 9        must be to furnish to the public services not inconsistent  
 10       with this chapter or the rules of the board, but the  
 11       corporation may invest its funds in a manner not  
 12       incompatible with the practice of public accounting.

13       ~~At least one shareholder thereof must be a~~  
 14       ~~certified public accountant of this state in good standing~~  
 15       ~~and must hold a license issued under 37-50-324 which is in~~  
 16       ~~effect.~~

17       ~~Each shareholder of the corporation must be a~~  
 18       ~~certified public accountant of some state in good standing~~  
 19       ~~and must be principally employed by the corporation or~~  
 20       ~~actively engaged in its business. No other person may have~~  
 21       ~~any interest in the stock of the corporation. The principal~~  
 22       ~~of the corporation and any officer or director having~~  
 23       ~~authority over the practice of public accounting by the~~  
 24       ~~corporation must be certified public accountants of some~~  
 25       ~~state in good standing.~~

1       ~~that~~ Each shareholder, officer, or manager of the  
 2 corporation personally engaged within this state in the  
 3 practice of public accounting as a member thereof must be a  
 4 certified public accountant of this state in good  
 5 standing and must hold--a--license-issued-under-37-50-314  
 6 which-is-in-effect be certified under this chapter.

7       ~~(e) Each staff member who is employed within this~~  
 8 ~~state and who is certified under 37-50-302 or registered~~  
 9 ~~under 37-50-303 must also hold a license issued under~~  
 10 ~~37-50-314 which is in effect.~~

11       ~~(f) In order to facilitate compliance with the~~  
 12 ~~provisions of this section relating to the ownership of~~  
 13 ~~stocks there must be a written agreement binding the~~  
 14 ~~corporation or the qualified shareholders to purchase any~~  
 15 ~~shares offered for sale by or not under the ownership or~~  
 16 ~~effective control of a qualified shareholder and binding any~~  
 17 ~~shareholder not a qualified shareholder to sell such shares~~  
 18 ~~to the corporation or the qualified shareholders the~~  
 19 ~~agreement must be noticed on each certificate of corporate~~  
 20 ~~stocks.~~

21       (2) Application for such registration must be made  
 22 upon the affidavit of a shareholder who holds a permit to  
 23 practice in this state as a certified public accountant. The  
 24 board shall determine whether the applicant is eligible for  
 25 registration. A corporation which is so registered may use

1       the words "certified public accountant" or the abbreviation  
 2 "CPA" in connection with its corporation name. Notification  
 3 shall be given the board within 1 month after the admission  
 4 or withdrawal of a shareholder of a corporation so  
 5 registered."

6       Section 1d. Section 37-50-333, MCA, is amended to  
 7 read:

8       "37-50-333. Partnership composed of public accountants  
 9 -- registration. (1) A partnership engaged in this state in  
 10 the practice of public accounting ~~may~~ ~~must~~ register with the  
 11 department as a partnership of licensed public accountants  
 12 provided it meets the following requirements:

13       (a) At least one general partner must be a certified  
 14 public accountant or a licensed public accountant of this  
 15 state in good standing and a holder of a license issued  
 16 under 37-50-314 which is in effect.

17       (b) Each partner personally engaged in this state in  
 18 the practice of public accounting must be a certified public  
 19 accountant or a licensed public accountant of this state in  
 20 good standing and a holder of a license issued under  
 21 37-50-314 which is in effect.

22       (c) Each local manager in charge of an office or a  
 23 firm in this state must be a certified public accountant or  
 24 a licensed public accountant of this state in good standing  
 25 and a holder of a license issued under 37-50-314 which is in

1 effect.

2        --Each--staff--member-employed-within-this-state-and 3 who--is--certified--under--37-50-302--or--registered--under 4 37-50-303--must--hold-a-license-issued-under-37-50-314-which 5 is-in-effect. |

6       (2) Application for registration must be made on the  
7 affidavit of a general partner of the partnership who holds  
8 a license to practice in this state as a certified public  
9 accountant or as a licensed public accountant. The board  
10 shall in each case determine whether the applicant is  
11 eligible for registration. A partnership which is registered  
12 may use the words "public accountants" in connection with  
13 its partnership name. Notification shall be given the  
14 department within 1 month after the admission to or  
15 withdrawal of a partner from a partnership so registered.

16       Section 19. Section 37-50-334, MCA, is amended to  
17 read:

18       **\*37-50-334. Corporation composed of public accountants**  
19 -- registration. (1) A professional service corporation  
20 organized for the practice of public accounting ~~may~~ must  
21 register with the board as a corporation of public  
22 accountants provided it meets the following requirements:

23       (a) The sole purpose and business of the corporation  
24 must be to furnish to the public services not inconsistent  
25 with this chapter or the rules of the board, but the

1 corporation may invest its funds in a manner not  
2 incompatible with the practice of public accounting.

3       (b) At least one shareholder thereof must be a  
4 certified public accountant or public accountant of this  
5 state in good standing and must hold a license issued under  
6 37-50-314 which is in effect.

7       (c) Each shareholder of the corporation must be a  
8 certified public accountant or ~~a~~ licensed public accountant  
9 of some state in good standing and must be principally  
10 employed by the corporation or actively engaged in its  
11 business. No other person may have any interest in the stock  
12 of the corporation. The principal of the corporation and any  
13 officer or director having authority over the practice of  
14 public accounting by the corporation must be certified  
15 public accountants or public accountants of some state in  
16 good standing.

17       (d) Each shareholder of the corporation personally  
18 engaged within this state in the practice of public  
19 accounting as a member thereof must be a certified public  
20 accountant or ~~a~~ licensed public accountant of this state in  
21 good standing and must hold a license issued under 37-50-314  
22 which is in effect.

23        --Each--staff--member--who--is--employed-within-this 24 state-and-who-is-certified--under--37-50-302--or--registered 25 under--37-50-303--must--also--hold-a-license-issued-under |

## 1       37-50-314-which-is-in-effects

2       Title In order to facilitate compliance with the  
 3 provisions of this section relating to the ownership of  
 4 stock, there must be a written agreement binding the  
 5 corporation or the qualified shareholders to purchase any  
 6 shares offered for sale by or not under the ownership or  
 7 effective control of a qualified shareholder and binding any  
 8 shareholder not a qualified shareholder to sell such shares  
 9 to the corporation or the qualified shareholders. The  
 10 agreement must be noticed on each certificate of corporate  
 11 stock.

12       (2) Application for such registration must be made  
 13 upon the affidavit of a shareholder who holds a permit  
 14 certificate or license to practice in this state as a  
 15 certified public accountant or licensed public accountant.  
 16 The board shall determine whether the applicant is eligible  
 17 for registration. A corporation which is so registered may  
 18 use the words "public accountant" or the abbreviation "PA"  
 19 in connection with its corporation name. Notification shall  
 20 be given the board within 1 month after the admission or  
 21 withdrawal of a shareholder of a corporation so registered."

22       Section 20. Section 37-50-335, MCA, is amended to  
 23 read:

24       "37-50-335. Registration of offices. Each office  
 25 established or maintained in this state for the practice of

1       public accounting in this state by a certified public  
 2 accountant or a partnership or corporation of certified  
 3 public accountants or by a licensed public accountant or a  
 4 partnership or corporation of licensed public accountants or  
 5 by one registered under 37-50-313 shall be registered  
 6 annually with the department. A fee may not be charged for  
 7 this registration. The-principals--of--sole--proprietorships  
 8 and--staff--employees-who-are-employed-in-this-state-and-who  
 9 are-holders-of-certificates-as-certified-public--accountants  
 10 must--also-hold-licenses-issued-under-37-50-314-which-are-in  
 11 effects--Partnerships-and--corporations--must--be--registered  
 12 under---37-50-332---37-50-332---37-50-333---or---37-50-334---  
 13 whichever-is-applicable--and-foreign-accountants--under--the  
 14 provisions---of---37-50-313. In addition, each individual  
 15 engaged in this state in the practice of public accounting  
 16 must be certified or licensed annually under 37-50-314."

17       NEW-SEEFIGN--Section-21--Continued---licensure---of  
 18 currently--licensed--public--accountants---licensure--as--  
 19 licensed--public--accountant--is--available--to--any--person  
 20 licensed-as-such-on--duty--in--1979--in--addition--persons  
 21 serving--in--the--armed--forces--of--the--United--States--on--duty--in  
 22 1979--who--immediately--prior--to--entering--this--service--held  
 23 themselves--out--to--the--public--as--licensed--public--accountants  
 24 and--who--were--engaged--as--principals--in--this--state--in--the  
 25 practice--of--public--accounting--as--their--principal--occupation

1 prior-to-service-in-the-armed-forces--may-register-with--the  
 2 department---within---6---months--after--the--date--of--their  
 3 separation-from-active--service--and--on--registration--and  
 4 payment--of--the--license--fee,--be--issued-a--license--by--the  
 5 department-as-a-licensed-public-accountant--A--principal--is  
 6 either--the--owner--of--or--a--partner--in--an--existing--accounting  
 7 practice.

NEW SECTION Section 21. Duties of the department.

The department shall:

(1) assist the board in transactions of its business  
 and keep a record of the board's official action; and  
 (2) assess to the board the reasonable costs of the  
 department incurred in assisting the board.

NEW SECTION Section 22. Existing orders and rules  
 effective until revoked or modified. All orders and rules  
 relating to the practice of accounting made by the board of  
 public accountants prior to July 1, 1979, remain in effect  
 until revoked or modified in accordance with law.

NEW SECTION Section 23. Continuation of funds. All  
 unexpended balances of appropriations, allocations, or other  
 funds of the board of public accountants shall continue to  
 be used by the board of public accountants, as reestablished  
 in this act, for the purpose of regulating the practice of  
 accounting.

Section 24. Transition. The terms of office of persons

1 who are members of the board of public accountants on July  
 2 1, 1979, expire on July 31, 1979. Initial appointments to  
 3 the new board shall be made by the governor before July 31,  
 4 1979. The governor shall designate three appointees to serve  
 5 initial terms of 1 year, three appointees to serve initial  
 6 terms of 2 years, and three appointees to serve initial  
 7 terms of 3 years. Thereafter appointments shall be for terms  
 8 of 3 years as provided in section 3.

Section 25. Codification. Sections 21 and 22 are  
 intended to be codified as an integral part of Title 37,  
 chapter 50. The provisions of Title 37, chapter 50, apply to  
 sections 21 and 22, and sections 21 and 22 apply to Title  
 37, chapter 50. All references in the MCA to Title 37,  
 chapter 50, include sections 21 and 22.

Section 26. Repeater. Sections 37-50-303, 37-50-304,  
 37-50-306 AND 37-50-307, and 37-50-312, MCA, are repealed.

Section 27. Effective date of certain sections.  
 Sections 1 and 2 are effective on passage and approval.

-End-

1 practice--of--public--accounting-as--their--principal--occupation  
 2 prior-to-service-in-the-armed-forces--may-register-with--the  
 3 department---within---6---months--after--the--date--of--their  
 4 separation-from-active-service--and--on--registration--and  
 5 payment--of--the--license--fees--be--issued-a--license--by--the  
 6 department-as-a-licensed-public-accountant--A--principal--is  
 7 either--the--owner-of-or-a-partner-in-an-existing-accounting  
 8 practices.

9 NEW SECTION. Section 21. Duties of the department.  
 10 The department shall:

11 (1) assist the board in transactions of its business  
 12 and keep a record of the board's official action; and  
 13 (2) assess to the board the reasonable costs of the  
 14 department incurred in assisting the board.

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 16 effective until revoked or modified. All orders and rules  
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 21 unexpended balances of appropriations, allocations, or other  
 22 funds of the board of public accountants shall continue to  
 23 be used by the board of public accountants, as reestablished  
 24 in this act, for the purpose of regulating the practice of  
 25 accounting.

1 Section 24. Transition. The terms of office of persons  
 2 who-are-members-of-the-board-of-public-accountants--on--duty  
 3 in--1979--expire--on-duty-31--1979--initial--appointments-to  
 4 the-new-board-shall-be-made-by-the-governor-before-duty--31--  
 5 1979--The-governor-shall-designate-three-appointees-to-serve  
 6 initial--terms--of-1-year--three-appointees-to-serve-initial  
 7 terms--of-2--years--and--three--appointees--to--serve--initial  
 8 terms--of-3--years--Thereafter--appointments--shall--be--for--terms  
 9 of--3--years--as--provided--in--section-3. CURRENTLY MEMBERS OF  
 10 THE BOARD OF PUBLIC ACCOUNTANTS ARE NOT AFFECTED BY THIS  
 11 ACT. THE GOVERNOR SHALL MAKE THE APPOINTMENT NECESSARY TO  
 12 COMPLY WITH THE CHANGE IN BOARD COMPOSITION CONTAINED IN  
 13 (SECTION 3 OF THIS ACT) UPON THE FIRST AVAILABLE VACANCY  
 14 SUITABLE FOR THAT PURPOSE.

15 Section 25. Codification. Sections 21 and 22 are  
 16 intended to be codified as an integral part of Title 37,  
 17 chapter 50. The provisions of Title 37, chapter 50, apply to  
 18 sections 21 and 22, and sections 21 and 22 apply to Title  
 19 37, chapter 50. All references in the MCA to Title 37,  
 20 chapter 50, include sections 21 and 22.

21 Section 26. Repealer. Sections 37-50-303--37-50-304,  
 22 37-50-306 AND 37-50-307, and 37-50-312, MCA, are repealed.

23 Section 27. Effective date of certain sections.  
 24 Sections 1 and 2 are effective on passage and approval.

-End-

HOUSE OF REPRESENTATIVES  
MARCH 7, 1979

BUSINESS & INDUSTRY COMMITTEE OF THE HOUSE, AMENDMENTS TO SENATE  
BILL NO. 489, THIRD READING COPY, AS FOLLOWS:

1. Page 1, line 18.

Following: "reestablished"

Strike: "for a period of 6 years pursuant to 2-8-122"

2. Page 10, line 3.

Following: "three"

Strike: "five"

Insert: "three"

3. Page 18, line 25.

Following: line 24

Insert: "accredited to offer"

4. Page 18, line 25.

Following: "offer"

Strike: "recognized by the board with"

AND AS AMENDED BE CONCURRED IN