

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 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 ~~tbj--board--of--public--accountants--department--of~~
 25 ~~professional--and--occupational--licensing--created--by~~

1 2-15-1641
 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

SB 489

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 ~~t17-is-a-citizen-of-the-United-States-or-has-declared~~
 4 ~~his-intention-of-becoming-a-citizen~~
 5 ~~t27-is-a-resident-of--this--state-or-has-a-place-of~~
 6 ~~business-in-this-state-or-is-an-employee--is--regularly~~
 7 ~~employed-in-this-state~~
 8 ~~t3711~~ is of good moral character;
 9 ~~t4712~~ has successfully passed the certified public
 10 accountants' examination; and
 11 ~~t5713~~ 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 ~~t17~~ graduation graduated from a college or university
 21 ~~accredited--to--offer~~ recognized by the board with a
 22 baccalaureate degree;
 23 t11 with a concentration in accounting; or an
 24 equivalent education in the judgment of the board; and
 25 ~~t27~~ 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 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 ~~(b)~~ 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:

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.

(ii) subjects of courses allowed as supplementary 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^v-37-50-304^v 37-50-306^v AND 37-50-307^v, AND
13 37-50-312^v 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 2-15-1641†

2 fetal board of architects, department of professional

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

4 fetal state banking board, department of business

5 regulation, created by 2-15-1803;

6 fetal state electrical board, department of

7 professional and occupational licensing, created by

8 2-15-1654;

9 fetal board of professional engineers and land

10 surveyors, department of professional and occupational

11 licensing, created by 2-15-1653;

12 fetal 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 fetal office of the investment commissioner, state

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

17 fetal board of landscape architects, department of

18 professional and occupational licensing, created by

19 2-15-1652;

20 fetal board of county printing, department of

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

22 fetal board of plumbers, department of professional

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

24 fetal 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 n ames 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 3 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 degreey-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-professionel-business-incident-to-his-reguter
 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~~ 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-officer-duty 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.

17 131 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.

25 141 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 ~~td7ic1~~ 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. Repealer. 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:

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

SB 489

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 titl1 board of architects, department of professional

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

4 titl1 state banking board, department of business

5 regulation, created by 2-15-1903;

6 titl1 state electrical board, department of

7 professional and occupational licensing, created by

8 2-15-1654;

9 titl1 board of professional engineers and land

10 surveyors, department of professional and occupational

11 licensing, created by 2-15-1653;

12 titl1 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 titl1 office of the investment commissioner, state

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

17 titl1 board of landscape architects, department of

18 professional and occupational licensing, created by

19 2-15-1652;

20 titl1 board of county printing, department of

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

22 titl1 board of plumbers, department of professional

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

24 titl1 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~~ three 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 2-18-503 -- 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 ~~Bi~~ step ~~Bi~~ 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--thts

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-att-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.

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

20 NEW SECTION. Section 23. Continuation of funds. All
 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, end-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