REVIEW OF HOUSE BILL 703
WHICH PROPOSES TO ESTABLISH
A CLASS OF LICENSED PUBLIC ACCOUNTANTS

GEORGIA OCCUPATIONAL REGULATION REVIEW COUNCIL

NOVEMBER 1995

EXECUTIVE SUMMARY

As provided in O.C.G.A. 43-1A, the Georgia Occupational Regulation Review Council reviews all bills that proposed that professions or businesses be licensed and that are referred to the Council by the chairman of the legislative committee of reference. At the request of the Chairman of the Industry Committee of the House of Representatives, the Council has reviewed House Bill 703 which proposed to establish a classification of Licensed Public Accountants. The proposed legislation:

- Provides that the State Board of Accountancy license three classes of accountants: Certified Public Accountants (CPAs), Registered Public Accountants (RPAs), and Licensed Public Accountants (LPAs).

- Allows unlicensed accountants the option of remaining unlicensed or become licensed as an LPA by passing a competency examination or being grandfathered in based on prior experience.

- Sets minimum qualifications for LPAs and gives the State Board of Accountancy authority to set standards for the regulation of LPAs.

During the Council's review, staff obtained information from the Georgia Association of Public Accountants, the State Board of Accountancy, the Georgia Society of Certified Public Accountants, the Atlanta District Office of the Internal Revenue Services, and other states where public accountants or accounting practitioners are regulated. Based on the criteria established in *O.C.G.A. 43-1A-6*, Council staff prepared findings addressing the need to create a class of LPAs. The Council based its recommendation on findings prepared by Council staff and input received from interested parties. The findings and the Council's recommendation are discussed briefly in the following paragraphs. Findings are presented in greater detail in other sections of the report.

FINDINGS

The Council is required by *O.C.G.A. 43-1A-6* to consider certain criteria when determining the need for regulation of a business or profession. The following paragraphs summarize findings directly related to these criteria.

- Establishing a third licensing classification for accountants will not protect Georgia's citizens from substandard accounting services and will not ensure the licensing and regulation of the majority of persons practicing accounting in Georgia.

- -- Unlicensed accountants are not regulated.

- -- There have been few complaints against unlicensed accountants, and regulating LPAs is unlikely to deter the types of complaints that have been made.

- -- House Bill 703 will not protect the public from unqualified persons providing accounting services.

- -- At least eight other states have more than one licensing classification for accountants; however, most are more similar to Georgia's RPA classification than the proposed LPA classification.

- The practice of accounting requires specialized training and skills; however, House Bill 703 will not ensure that Licensed Public Accountants have necessary training and skills.

- House Bill 703 will not provide more protection for Georgia's citizens than existing public and voluntary means.

  - -- The Governor's Office of Consumer Affairs can take action when complaints against unlicensed accountants are received.

  - -- Unlicensed accountants can participate in voluntary professional organizations to improve skills.

- There is no readily identifiable economic impact of creating a classification of Licensed Public Accountants.

RECOMMENDATION

Under the criteria provided in O.C.G.A. 43-1A-7, the Council does not find a need to establish a classification of Licensed Public Accountants.

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INTRODUCTION

House Bill 703 proposes to establish a class of licensed public accountants. Currently, the State Board of Accountancy licenses Certified Public Accountants (CPAs) and Registered Public Accountants (RPAs). All other individuals providing taxation and accounting services to the public are unlicensed and unregulated. Under the proposed legislation, individuals who are not licensed CPAs or RPAs have the option of becoming Licensed Public Accountants (LPAs). The Georgia Association of Public Accountants and the Georgia Association of Enrolled Agents support House Bill 703. The State Board of Accountancy and the Georgia Society of Certified Public Accountants oppose the proposed legislation.

Members of the Georgia Occupational Regulation Review Council (GORRC) are shown in Exhibit 1.

Exhibit 1
Georgia Occupational Regulation Review Council Membership

Standing Members	Representing
William H. Roper, Chairman	Office of Planning and Budget
David Baird	Department of Natural Resources
Joe Cregan	Office of Commissioner of Insurance
Earl Harris	Department of Agriculture
Jim Hurt	Governor's Office of Consumer Affairs
Bobby Lenihan	Department of Revenue
Bill Miller	Office of Secretary of State
Tom Wade	Department of Human Resources
Legislative Appointees	**Representing**
Alan Essig, Senate Research Office	Senate
Terry Minvielle, House Research Office	House of Representatives

In conducting the review of House Bill 703, the Georgia Occupational Regulation Review Council (GORRC) obtained input from as many interested parties as possible. A questionnaire was sent to the Georgia Association of Public Accountants requesting

background information to support the need for regulation. The Council also contacted several other groups that might have an interest in the proposed legislation. After obtaining information from interested groups, the Council interviewed, in person and by telephone, representatives from the:

- State Board of Accountancy;
- Georgia Association of Public Accountants;
- Georgia Society of Certified Public Accountants;
- Atlanta District Office of the Internal Revenue Service, Department of the U.S. Treasury; and
- Other states where public accountants or accounting practitioners are regulated.

The applicant group and anyone who requested to be notified of GORRC meetings were informed in advance of the time and place of the Council's meetings. Representatives from all interested parties were given the opportunity to present information to the Council, either by oral presentation or through written material. Meeting dates and times were published in the *Fulton County Daily Report* in accordance with the State's open meeting laws.

DESCRIPTION OF PROPOSED LEGISLATION

House Bill 703 proposes to amend the *Public Accounting Act of 1977* (O.C.G.A. 43-3). A summary of the bill is included in Appendix A. A copy of the entire bill is included as Appendix B. In general, House Bill 703 specifies the following:

- Redefines the definitions of public accountant and licensee to include CPAs, RPAs, and LPAs.
- Allows unlicensed individuals who provide accounting services to the public the option of meeting the requirements to be licensed as LPAs or to retain the current status as unlicensed accountants.
- Defines LPA licensing requirements, including:
  - -- 18 years of age;
  - -- good moral character;
  - -- high school diploma or equivalent; and

-- 3 years experience in pubic accounting services and successful completion of a quality assurance review program equal to the State Board of Accountancy's report monitoring program in compilation or review;
or
2 years experience in accounting services for the public, successful completion of a quality assurance review program equal to the Board of Accountancy's report monitoring program in compilation or review, and enrollment to practice before the IRS or accreditation in taxation by the Accreditation Council for Accountancy and Taxation;
or
successful completion of an examination in accountancy provided by the Accreditation Council for Accounting and Taxation.

- Defines rights and privileges of LPAs to include preparing financial statements and issuing accounting reports concerning unaudited accounting work (including compilation and review reports).

- Allows licensees to prepare financial statements and reports according to any recognized basis or standard of accountancy customarily used in practice.

- Expands the State Board of Accountancy to include an LPA and gives the Board authority to: promulgate rules and requirements for LPAs; provide for examinations; regulate continuing education; maintain a listing of licensed public accountants; and other provisions now maintained for CPAs and RPAs.

- Requires all licensees to meet continuing professional education requirements as set by the State Board of Accountancy.

- Allows any public accountant with a "live license" to attest to the reliability of the presentation of financial information and/or legal compliance; this attest function is now reserved for CPAs and RPAs. [Both the proponents and opponents of House Bill 703 agree that this provision is not intended to grant LPAs attestation authority.]

Appendix C is a comparison of the legal requirements for CPAs, RPAs, unlicensed accountants, and the proposed class of LPAs. Appendices D and E are comparisons of the language that CPAs and RPAs, unlicensed accountants, and proposed LPAs will be able to use in compilation and review reports.

PRESENT PRACTICES

In Georgia, public accountants are licensed by The State Board of Accountancy. However, not all persons who provide accounting services to the public are public

accountants. The *Accountancy Act of 1977* states that only licensed accountants (CPAs and RPAs) can refer to themselves as public accountants. All other accountants who provide services to the public are unlicensed and unregulated.

Certified Public Accountants, who are licensed in all 50 states, provide a variety of accounting services for the public, including:

- Preparing monthly, quarterly, and annual financial statements using information provided by management (compilations);
- Reviewing (but not verifying) financial statements to issue reports providing limited assurance that material changes to the financial statements are not necessary (reviews);
- Auditing financial statements by independently verifying that the information in the statements fairly represents the auditee's financial condition and attesting (issuing an opinion) that the financial statements are fairly presented and have been prepared in conformity with generally accepted accounting principles (audits);
- Providing tax services and representing taxation clients before the U. S. Internal Revenue Service; and
- Performing other miscellaneous accounting services such a payroll preparation.

To become a CPA, an individual must have earned at least a baccalaureate degree with a concentration in accounting, successfully passed the Uniform Certified Public Accountant Examination, and have had one of four types of accounting experience:

- Two years experience in public accounting;
- Five years' experience in business accounting and auditing; supervised by a CPA or RPA;
- five years' experience in a government agency responsible for auditing and accounting functions; supervised by a CPA or RPA; or
- five years teaching experience in two different areas of accounting at an accredited four-year college or university.

Certified Public Accountants are required to earn 80 hours of continuing professional education every two years and submit reports for regular quality assurance reviews. According to the State Board of Accountancy, there are 11,940 CPAs licensed to practice in Georgia.

In 1977, Georgia law was amended to create a class of Registered Public Accountants. Registered Public Accountants are licensed to perform the same functions as CPAs, but are not required to meet the same educational and examination requirements. Registered Public Accountants must have a high school diploma or equivalent and pass three of the four parts of the Uniform Certified Public Accountant Examination. According to the State Board of Accountancy, 21 RPAs are licensed in Georgia.

All other individuals who perform accounting services for the public are unlicensed and unregulated. These individuals also provide a variety of accounting services including compilations, reviews, tax preparation, and other miscellaneous accounting services. Unlicensed accountants are not allowed to issue opinions (the attest function) on the fairness of financial statements or to state that the financial statements have been prepared according to generally accepted accounting principles.

The Georgia Association of Public Accountants (GAPA), which is the professional organization for unlicensed accountants, estimates that there are approximately 20,000 unlicensed individuals who perform accounting services for the public in Georgia. According to the GAPA, unlicensed accountants provide accounting and tax services for individuals and small and medium sized businesses.

Potential for Harm

Certified Public Accountants and Registered Public Accountants must meet competency requirements, comply with professional standards, maintain competency through continuing professional education, and undergo periodic quality assurance reviews. However, currently there are no similar requirements for unlicensed accountants. Therefore, it is possible that the uninformed members of the public will obtain and rely upon unqualified individuals to provide accounting and taxation services.

Complaints from Consumers

The Governor's Office of Consumer Affairs receives complaints on accounting services for personal, family, and household services. The office can take action when the Fair Businesses Practices Act is violated. However, in general, complaints against both licensed and unlicensed accountants are referred to the State Board of Accountancy. The State Board of Accountancy says that occasionally someone will complain that an unlicensed accountant has been late in preparing tax returns, but the Board has no jurisdiction in this area and does not follow up on such complaints.

PRESENT REQUIREMENTS AND VOLUNTARY EFFORTS

Legal Requirements

Unlicensed accountants are not required to meet any specific legal or regulatory requirements. The *Public Accountancy Act of 1977* provides for the licensing and regulation of CPAs and RPAs and, in doing so, prohibits anyone other than CPAs or RPAs from implying licensure by the State Board of Accountancy. As a result, unlicensed accountants cannot use titles, designations, words, letters, abbreviations, signs, cards, or devices that might indicate licensure.

The *Accountancy Act of 1977* also prohibits unlicensed accountants from issuing opinions or otherwise attesting to the reliability or any representation or estimate of financial information and compliance with law or contract. Thus, unlicensed accountants cannot attest to the reliability of clients' financial information or the fairness of the information's presentation.

Voluntary Efforts

Unlicensed accountants can join several professional organizations which have codes of ethics and require continuing professional education. According to the Georgia Association of Public Accountants (GAPA), approximately 225 Georgia accountants belong to the GAPA, and 463 Georgia accountants belong to the National Society of Public Accountants. Another 112 accountants belong to the Georgia Association of Enrolled Agents and the National Association of Enrolled Agents. Exhibit 2 on the following page shows the professional qualifications that must be met to belong to these organizations.

OTHER STATE PROGRAMS

Eight states now license public accountants or accounting practitioners: Delaware, Indiana, Iowa, Montana, Oklahoma, Oregon, South Carolina, and Vermont. While some states use the term, licensed public accountant, and others use the term, accounting practitioner, all of the classifications refer to individuals who provide accounting services to the public but who are licensed under less stringent requirements than CPAs.

Another 39 states have "dying-class" laws that allowed individuals who had been in practice when licensing first began to be "grandfathered in" as some type of licensed

Exhibit 2 Qualifications for Voluntary Membership in Organizations for Unlicensed Accountants	
Georgia Association of Public Accountants	Good Moral Character Active Experience in Public Accounting Continuing Professional Education Peer Review
National Society of Public Accountants	Good Moral Character One of the following: -- Enrolled Agency -- CPA, Public Accountant, or Accounting Practitioner -- Associate degree with 24 semester hours in accounting -- Baccalaureate or other advanced degree -- Certified by the Accreditation Council for Accountancy and Taxation
Georgia Association of Enrolled Agents **and** **National Association of Enrolled Agents**	18 years of age Good moral character No criminal record Pass U.S. Internal Revenue Services Examination Continuing professional education Peer Review
Source: Georgia Association of Public Accountants	

public accountant. Under "dying class" legislation, once the existing group of practitioners has been "grandfathered in", no one else is allowed to be licensed under the "dying class" category.

All eight states with licensed public accountants or accounting practitioners require that applicants pass all or some portion of an examination; however, there is significant variation in examination requirements:

- Six of the eight states require applicants to pass part of the Uniform Certified Public Accountants examination;
- One state gives applicants the option of passing either two parts of the Uniform CPA examination or the National Society of Public Accountants examination.
- One state requires applicants to pass the Accreditation Council for Accountancy and Taxation (ACAT) examination as proposed in House Bill 703. That state also

requires applicants to pass an additional examination on state tax. Appendix F shows a comparison of other states' requirements for licensed public accountants and accounting practitioners.

Educational requirements for licensed public accountants vary significantly among the eight states:

- Two states require a high school education or equivalent; however, one of those states (Oklahoma) will require a baccalaureate degree with a concentration in accounting after July 1, 1999.

- Two other states require either a two-year accounting or business certificate or an associate degree with a concentration in accounting.

- Three states require baccalaureate degrees with a specified number of hours in accounting.

- The remaining state requires "minimum education reasonably needed to demonstrate competency."

In five of the eight states, the licensed public accountants (accounting practitioners) are similar to Georgia's RPAs. In the five states, individuals who do not meet the educational requirements to become CPAs can earn the same basic rights and privileges as CPAs by successfully completing part of the Uniform Certified Public Accountants Examination.

- Four of the eight states allow accounting practitioners to perform all the duties that CPAs perform.

- One state allows accounting practitioners to perform all CPA duties except governmental audits.

- Two states do not allow accounting practitioners to attest to the fair presentation of financial statements.

- One state does not give accounting practitioners attestation authority and does not allow them to conduct reviews.

None of the states reported complaints on licensed public accountants or licensed practitioners. Representatives of the states' Boards of Accountancy said that the practitioner classification existed to provide regulation for accountants who did not need to meet the stringent licensing requirements of Certified Public Accountants.

FINDINGS

The Georgia Occupational Regulation Review Council is required by *O.C.G.A. 43-1A-6* to apply the following criteria when evaluating whether a profession or business should be regulated:

- Whether the unregulated practice of an occupation may harm or endanger the health, safety, and welfare of citizens of the state and whether the potential for harm is recognizable and not remote;

- Whether the practice of an occupation requires specialized skill or training and whether the public needs and will benefit by assurances of initial and continuing occupational ability;

- Whether the citizens of this state are or may be effectively protected by other means; and

- Whether the overall cost effectiveness and economic impact would be positive for the citizens of the state.

House Bill 703, which was presented to the Council by the Chairman of the Industry Committee of the House of Representatives, proposes to establish a class of Licensed Public Accountants. In this review, the Council must determine if unlicensed accountants who provide services to the public are already regulated, and if so, if the effect of a change in regulation would benefit the public and not increase the potential for harm to the safety, health, and welfare of Georgia citizens. The findings in this section evaluate these issues based on the criteria set forth above.

Establishing a Classification of Licensed Public Accountants Will Not Affect the Potential for Harm to the Health, Safety, and Welfare of Citizens of the State.

Unlicensed accountants are not regulated; however, establishing a classification of Licensed Public Accountants will not protect the public from substandard accounting services. Adding a third classification of licensed accountants may heighten any confusion the public has about the differing qualifications of licensed and unlicensed accountants. Furthermore, the proposed legislation will not ensure the licensing and regulation of the majority of accountants that are now unlicensed and will allow some individuals to become licensed without competency testing.

Unlicensed accountants are not regulated.

Between 18,000 and 20,000 individuals who provide accounting services to the public are unlicensed and unregulated. Although unlicensed accountants are not regulated, the *Public Accounting Act of 1977* (O.C.G.A. 43-3) prohibits unlicensed accountants from:

- Using designations, titles, and the like to imply licensure;
- Issuing opinions on the reliability or fair presentation of financial statements; or
- Stating that the financial statements by unlicensed accountants have been prepared according to generally accepted accounting principles.

The public derives some measure of protection by legal prohibitions which limit unlicensed accountants' ability to perform some types of more complicated accounting functions, such as auditing and issuing opinions. The law also prohibits unlicensed accountants from misrepresenting themselves as CPAs or RPAs and, thus, implying that they have met the educational, experience, quality assurance, and examination criteria for being licensed.

There have been few complaints against unlicensed accountants, and regulating LPAs is unlikely to deter the types of complaints that have been made.

The Governor's Office of Consumer Affairs, Georgia's State Board of Accountancy, and similar regulating boards in other states say that there have been few complaints against unlicensed accountants. When complaints have been received, the complaints generally deal with the late preparation of tax returns. Licensure is unlikely to prevent this type of complaint.

House Bill 703 will not protect the public from unqualified persons providing accounting services.

Currently, there are three classes of accountants in Georgia: CPAs, RPAs, and unlicensed accountants. Proponents of House Bill 703 state that the public generally assumes all persons who provide accounting services are licensed and meet minimum competency requirements. Proponents say that adding an LPA classification will encourage unlicensed accountants to be licensed as LPAs and, thus, more individuals who provide accounting and taxation services will conform to the public's perception of widespread licensing and regulation.

However, while the proposed legislation will create three classifications of licensed accountants, unlicensed accountants will continue to practice. House Bill 703 gives unlicensed accountants the **option** of becoming licensed. Representatives of the GAPA estimate that initially 200 to 300 unlicensed accountants will apply for licensure. Thus, according to GAPA estimates, almost 99 percent of the unlicensed individuals providing accounting services for the public will remain unlicensed.

With four classifications of accountants (CPAs, RPAs, LPAs, and unlicensed accountants) that are required to meet widely variant requirements, the public is likely to be more confused regarding the qualifications of Georgia accountants. Furthermore, there is no reason to expect that the majority of unlicensed accountants will become licensed. Although (unlike CPAs, RPAs, and LPAs) unlicensed accountants will not be permitted to refer to standards, the general public is unlikely to understand the significance of the missing reference. If there are unlicensed accountants who now provide substandard services to the public, these individuals will be allowed to continue to do business in Georgia.

At least eight other states have more than one licensing classification for accountants; however, most are more similar to Georgia's RPA classification than the proposed LPA classification.

Eight other states license accountants who are not CPAs. However, this less stringent licensing strategy is similar to Georgia's licensing of Registered Public Accountants. Like the RPA licensing classification, the additional licensing category provides a way for individuals who do not meet educational requirements necessary to become CPAs to complete part of the Uniform Certified Public Accountants examination to be licensed as accounting practitioners and, in most instances, perform the same functions as CPAs.

The Practice of Accounting Requires Specialized Training and Skills; However, House Bill 703 Will Not Ensure That Licensed Public Accountants Have Necessary Training and Skills.

House Bill 703 will allow individuals with high school diplomas or the equivalent to become LPAs by either passing the examination in accountancy provided by the Accreditation Council for Accounting and Taxation or by having sufficient experience to be "grandfathered in." After submitting one compilation and/or one review report to the State Board of Accountancy for quality assurance review, unlicensed accountants who have three years experience in public accounting services can become LPAs without passing a test for competency. Thus, if there are persons who have been providing substandard

accounting services, it is possible that they could be licensed because one or two of their reports have been approved by a review committee.

House Bill 703 Will Not Provide More Protection for Georgia's Citizens Than Existing Public and Voluntary Means.

The proposed legislation provides for optional licensing, competency testing, continuing education, and complaint investigation. The Governor's Office of Consumer Affairs has authority to pursue complaints against unlicensed accountants, and unlicensed accountants have discretion to take competency tests and obtain continuing professional education from professional organizations.

The Governor's Office of Consumer Affairs can take action when complaints against unlicensed accountants are received.

The public can register complaints against unlicensed accountants to the Governor's Office of Consumer Affairs. While the Governor's Office of Consumer Affairs can take action when the Fair Businesses Practices Act is violated, most complaints against licensed and unlicensed accountants are referred to the State Board of Accountancy. The Board says that it has received few complaints on unlicensed accountants.

Unlicensed accountants can participate in voluntary professional organizations to improve skills.

Unlicensed accountants can join several professional organizations that have codes of ethics and require continuing professional education. The most common organizations are the Georgia Association of Public Accountants, the National Association of Public Accountants, the Georgia Association of Enrolled Agents, and the National Association of Enrolled Agents.

Unlicensed accountants can also become Enrolled Agents by passing a U.S. Internal Revenue Service examination or become ACAT certified by passing taxation and accounting examinations administered by the Accreditation Council of Accounting and Taxation. Unlicensed accountants can also participate in training offered by the Georgia Society of Certified Public Accountants, the Georgia Association of Public Accountants, the National Society of Public Accountants, the Georgia Association of Enrolled Agents, the National Association of Enrolled Agents, and many other professional, public, and commercial accounting organizations.

There Is No Readily Identifiable Economic Impact of Creating a Classification of Licensed Public Accountants.

Creating a third class of licensed accountants is unlikely to have an economic impact on the State or the public because:

- Testing and licensing costs associated with regulating LPAs would be paid for through testing and licensing fees paid by LPAs.
- According to testimony provided during Council hearings, there is no shortage of CPAs, RPAs, and unlicensed accountants to perform accounting services to Georgia citizens.
- Public accounting costs are more likely to be related to the extent of the services provided rather than the licensing status of the person providing the services.

RECOMMENDATION

Under the criteria provided in O.C.G.A. 43-1A-7, the Council does not find a need to establish a classification of Licensed Public Accountants.

Appendices

Appendix A

SUMMARY OF HOUSE BILL 703
PUBLIC ACCOUNTANTS

House Bill 703 is intended to amend Chapter 3 of Title 43 of the Official Code of Georgia Annotated (O.C.G.A.). This legislation and the proposed amendment concerns the regulation of accountants in Georgia. The amendment creates a new class of accountants called Licensed Public Accountants (LPAs) and amends provisions of the old legislation to acknowledge the new class. The existing State Board of Accountancy is charged with developing rules and regulations and standards of procedure for LPAs.

SECTION 1:

43-3-2: Definition of Terms:

House Bill 703 strikes the existing definitions section, Code Section 43-3-2 of Chapter 3, Title 43 (O.C.G.A.) and replaces it with a the following definitions:

"Board" means the State Board of Accountancy.

"Firm" means any person, proprietorship, partnership, corporation, association, or any legal entity practicing public accounting.

"Licensee" is a Certified Public Accountant (CPA), a Registered Public Accountant (RPA), or a Licensed Public Accountant (LPA).

"Live Permit" is a permit in full force and effect currently as defined by Code Section 43-3-24.

"State" is any state, territory, or insular possession of the United States, including the District of Columbia, other than Georgia.

SECTION 2:

43-3-3: The Board of Accountancy:

Subsection (b) of Code Section 43-3-3 is amended to provide for a Board of eight members appointed by the Governor with approval of the Senate. Board members must be residents of Georgia; five must be CPAs; one must be a RPA; and one must be a LPA. These Board members must be licensed to practice public accounting in Georgia. The eighth member is an at-large Board member who has never been issued certification to practice public accounting from any other state or territory of the United States.

SECTION 3:

43-3-5: Educational Requirements:

Code Section 43-3-5 is amended to give the Board authority to adopt regulations setting educational requirements for CPAs, RPAs, and LPAs.

SECTION 4:

43-3-19.1: Requirements to Become a Licensed Public Accountant:

This Code Section adds new code sections specifically concerning LPAs. Code Section 43-3-19.1 requires that LPAs must be at least 18 years old, "of good moral character", a high school graduate or the equivalent, and meet one of three educational and experience requirements:

1) Three or more years experience in the performance of accounting services for the public as a "principal occupation".
   or
2) Two or more years of experience in the performance of accounting services for the public as a "principal occupation,"...,;
   and
   certified to practice before the U.S. Internal Revenue Service
   or
   an enrolled agent in conformance with the United States Treasury Department (Circular No. 230),
   or
   accredited in taxation by the Accreditation Council for Accountancy and Taxation;

3) Successful completion of a Board examination provided by the Accreditation Council for Accounting and Taxation.

43-3-19.4:

The joint-secretary, who maintains a list of RPAs as required by Code Section 43-3-15, is to hold a similar list for LPAs.

43-3-19.5:

LPAs can prepare financial statements (such as compilation reports and review reports) and issue accountancy reports concerning unaudited accounting work using "any recognized basis or standard of accountancy customarily used in practice."

SECTION 5:

43-3-24: Permits and Fees:

Subsection (a) of Code Section 43-3-24 is amended to direct that permits allowing the practice of public accountancy in Georgia be provided by the joint-secretary, at the direction of the Board. The permits can be awarded to anyone who meets the requirements of CPAs, RPAs, LPAs, registered foreign accountants, and other individuals or entities, Code Sections 43-3-6 through 43-3-12, 43-3-13 through 43-3-19, 43-3-19.1 through 43-3-19.5, and 43-3-20, 21, or 23, respectively. The Board will set and collect a biennial fee on permits.

SECTION 6:

43-3-25: Continuing Education Requirements:

Subsection (c) of Code Section 43-3-25 is amended by providing that the Board have the authority to appoint a committee(s) of licensees to administer the continuing professional education provisions established in 43-3-25.

SECTION 7:

43-3-28: Violations of the Rules or Regulations of Public Accounting:

Licenses issued under Code Section 43-3-19.1 or permits issued under 43-3-24 can be revoked, suspended, refused renewal, or the holder may be censured for any reason the Board decides. These reasons include but are not limited to: (1) Violation of rules in Chapter 3, Title 43 O.C.G.A.; (2) Fraud or deceit in a permit; (3) Violation of provisions of Code Section 43-3-35 or any Code Section of Chapter 3, Title 43; (4) Dishonesty, fraud, or gross negligence in public accountancy; (5) Committing a felony in any U.S. state; (6) Committing a crime of dishonesty or fraud in any U.S. state; (7) Cancellation, revocation, suspension, or refusal to renew a licensee's authority to practice in any state for any reason except failure to pay an annual registration fee or voluntary withdrawal; (8) Suspension or revocation of a licensee's right to practice in any state or by any federal agency; (9) Lack of continuing education as required by Code Section 43-3-25; (10) "Conduct which discredits the accounting profession;" and, (11) Failure to comply with 43-3-23.1 or 43-3-23.2 (registration of licensee), or failure to pay fees.

SECTION 8:

43-3-31: Reinstatement:

The Board may relicense a licensee or reissue or modify the suspension of a permit pursuant to the hearing required by the Georgia Administrative Procedure Act.

SECTION 9:

43-3-32 (a): Ownership of Working Papers:

All materials an accountant uses in the course of professional service to clients, except any records submitted to clients, are the property of the accountant. The materials can not be sold or bequeathed without the client's (or his or her representative's) approval .

43-3-32 (b):

All communications between accountants, their employees, and/or a client in a professional capacity are privileged. No accountant or employee can testify in a court

or any other proceeding to such information without the client's written consent. However, accountants are not prohibited from disclosing information of the following nature: (1) data required by the standards of the profession of accounting; (2) data used to contest the professional services of the accountant or data used to contest the practices of a client; (3) data for other accountants or their employees for reviews by professional groups to "survey" the professional practices of an accountant; and, (4) data in a hearing established under the auspices of Code Sections 43-3-30, 43-3-23.1, 23.2, or 23.3. This data is not available to the public and will remain privileged.

SECTION 10:

43-3-35: Using Titles and Devices:

No individual or firm can assume or otherwise use the term or title "certified accountant," "licensed accountant," or "registered accountant", or any other terms or abbreviations likely to be confused with a licensee.

No individual or firm may can provide representation by signing or affixing a name to any opinion or certificate attesting to the reliability of any representation or estimate regarding financial or legal compliance information, together with any wording accompanying or contained in such opinion or certificate which indicates that such firm is composed of persons having expert knowledge in accounting or auditing unless the firm holds a live permit and all of its offices in this state are maintained and registered as required under Code Section 43-3-23.

Licensees can not make "false, fraudulent, misleading, deceptive, or unfair" statements or claims.

SECTION 11:

Any law or any part of a law that is in conflict with this Act are repealed by this Act.

H. B. No. 703
By: Representatives Powell of the 23rd, Benefield of the 96th, Bailey of the 93rd and Jamieson of the 22nd

A BILL TO BE ENTITLED
AN ACT

To amend Chapter 3 of Title 43 of the Official Code of Georgia Annotated, relating to accountants, so as to establish a class of licensed public accountants; to provide a definition; to add a licensed public accountant to the State Board of Accountancy; to provide that the board may promulgate rules for all licensees; to provide requirements for certificate of licensed public accountant; to provide for examinations; to require a list of licensed public accountants; to provide for the rights and privileges of licensed public accountants; to provide that permits to practice are to be issued to all licensees; to provide that all licensees shall meet continuing professional education requirements; to provide that revocation and reinstatement provisions apply to all licensees; to change provisions relating to deceptive titles; to provide for related matters; to repeal conflicting laws; and for other purposes.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF GEORGIA:

SECTION 1.

Chapter 3 of Title 43 of the Official Code of Georgia Annotated, relating to accountants, is amended by striking Code Section 43-3-2, relating to definitions, and inserting in lieu thereof a new Code Section 43-3-2, to read as follows:

"43-3-2.

As used in this chapter, the term:

(1) 'Board' means the State Board of Accountancy.

(2) 'Firm' means any person, proprietorship, partnership, corporation, association, or any other legal entity which practices public accountancy.

(3) 'Licensee' means certified public accountant, registered public accountant, or licensed public accountant.

~~(3)~~(4) 'Live permit' means a permit issued under Code Section 43-3-24 which is in full force and effect.

~~(4)~~(5) 'State' means the District of Columbia and any state other than this state and any territory or insular possession of the United States."

SECTION 2.

Said chapter is further amended by striking subsection (b) of Code Section 43-3-3, relating to the creation of the State Board of Accountancy, and inserting in lieu thereof a new subsection (b) to read as follows:

"(b) The board shall consist of ~~seven~~ eight members, to be appointed by the Governor with the approval of the Senate. Each member of the board shall be a resident of this state. Five members of the board shall be certified public accountants, ~~and~~ one member shall be a registered public accountant, and one member shall be a licensed public accountant, all of whom shall hold a permit to practice public accounting issued under Code Section 43-3-24. One member shall be appointed from the public at large and shall be a person to whom neither this state nor any other state has ever issued a certificate, registration, license, or permit to engage in the practice of public accounting."

SECTION 3.

Said chapter is further amended by striking paragraph (3) of subsection (a) of Code Section 43-3-5, relating to the promulgation of rules and regulations, and inserting in lieu thereof a new paragraph (3) to read as follows:

"(3) Regulations governing educational requirements for ~~certification--as--a--certified--public--accountant--and registration---as--a--public--accountant~~ licensees and prescribing further educational requirements (requirements of continuing professional education) to be met from time to time by persons so ~~certified or registered~~ licensed, in order to maintain their professional knowledge and competence, as a condition to continuing in the practice of public accountancy;".

SECTION 4.

Said chapter is further amended by adding immediately following Code Section 43-3-19 new Code Sections 43-3-19.1,

43-3-19.2, 43-3-19.3, 43-3-19.4, and 43-3-19.5 to read as follows:

"43-3-19.1.

(a) The certificate of 'Licensed Public Accountant' shall be granted by the board to any person:

(1) Who has attained the age of 18 years;

(2) Who is, in the opinion of the board, of good moral character;

(3) Who has obtained a high school diploma or completion of the requirements therefor or what the board determines to be the substantial equivalent of the foregoing; and

(4) Who meets the following requirements of education and experience:

(A)(i) Three or more years' experience in the performance of accounting services for the public as principal occupation, either self-employed or as a member, principal, or senior accountant of an accounting partnership, corporation, or firm; continuous experience in the accounting field in industry, business, government, or college teaching deemed acceptable by the board; any combination of the foregoing requirements listed in this division; or any combination of the foregoing requirements listed in this division and practice in accounting services.

(ii) Presentment to the board evidence of successfully passing a quality assurance review program equal in scope to the board's report monitoring program in compilation or review;

(B)(i) Two or more years' experience in the performance of accounting services for the public as principal occupation, either self-employed or as a member, principal, or senior accountant of an accounting partnership, corporation, or firm; continuous experience in the field in industry, business, government, or college teaching deemed acceptable by the board; any combination of the foregoing requirements listed in this division; or any combination of the foregoing requirements listed

in this division and practice in accounting services.

(ii) Presentment to the board evidence of successfully passing a quality assurance review program equal in scope to the board's report monitoring program in compilation or review.

(iii) Presentment to the board evidence that the applicant is enrolled to practice before the United States Internal Revenue Service pursuant to 31 Code of Federal Regulations Part 10; is an enrolled agent pursuant to United States Treasury Department Circular No. 230; or is accredited in taxation by the Accreditation Council for Accountancy and Taxation and holds a current accreditation certificate; or

(C) Passage of an examination as provided for in Code Section 43-3-19.2.

(b) As used in this Code section, the term 'good moral character' shall have the same meaning as provided in subsection (c) of Code Section 43-3-13.

43-3-19.2.

The examination for licensed public accountants referred to in subparagraph (a)(3)(C) of Code Section 43-3-19.1 shall be the examination in accountancy provided by the Accreditation Council for Accounting and Taxation.

43-3-19.3.

Oral examinations for licensed public accountants shall be authorized and administered in the same manner as provided for registered public accountants in Code Section 43-3-15.

43-3-19.4.

A list of licensed public accountants shall be maintained by the joint-secretary in the same manner as provided for registered public accountants in Code Section 43-3-16.

43-3-19.5.

The licensed public accountant shall be accorded all rights and privileges to prepare financial statements and to issue any, and all, accountancy reports concerning unaudited accounting work. Said financial statements and reports specifically include, but are not limited to, compilation reports and review reports. Said financial

statements and reports may be prepared on any recognized basis or standard of accountancy customarily used in practice."

SECTION 5.

Said chapter is further amended by striking subsection (a) of Code Section 43-3-24, relating to the issuance of permits to practice accountancy, and inserting in lieu thereof a new subsection (a) to read as follows:

"(a) A permit to engage in the practice of public accountancy in this state shall be issued by the joint-secretary, at the direction of the board, to each person who is certificated as a certified public accountant under Code Sections 43-3-6 through 43-3-12, registered as a registered public accountant under Code Sections 43-3-13 through 43-3-19, licensed as a licensed public accountant under Code Sections 43-3-19.1 through 43-3-19.5, or registered as a foreign accountant under Code Section 43-3-20 who shall have furnished evidence, satisfactory to the board, of compliance with the requirements of Code Section 43-3-25, and to individuals, partnerships, professional associations, and professional corporations ~~and--firms~~ registered under Code Section 43-3-21 or 43-3-23, provided that all offices of such ~~certificate-holder-or-registrant~~ licensees are maintained and registered as required under Code Section 43-3-23. There shall be a biennial permit fee in an amount to be determined by the board."

SECTION 6.

Said chapter is further amended by striking subsection (c) of Code Section 43-3-25, relating to continuing professional education requirements, and inserting in lieu thereof a new subsection (c) to read as follows:

"(c) All provisions of this chapter relating to continuing professional education shall be administered by the board; and, in addition to the other powers conferred on the board by this chapter, the board shall have the authority to appoint a committee or committees composed of ~~certified public--accountants~~ licensees, as it deems appropriate, to administer, implement, and otherwise carry out the provisions of this chapter relating to continuing professional education."

SECTION 7.

Said chapter is further amended by striking Code Section 43-3-28, relating to revocation, suspension, or refusal to renew certificate, registration, or permit, and inserting in lieu thereof a new Code Section 43-3-28 to read as follows:

"43-3-28.

After notice and hearing as provided in Code Section 43-3-30, the board may revoke or suspend any ~~certification issued--under--Code--Sections--43-3-6-through-43-3-12-or-a registration-issued-under-Code--Sections--43-3-13--through 43-3-19-or-under-Code-Section-43-3-20~~ license issued under Code Section 43-3-19.1 or any permit issued under Code Section 43-3-24 or may ~~revoke,-suspend,-or~~ refuse to renew any live permit or may censure the holder of any such permit for any cause which the board may deem sufficient, including, without limiting the generality of the foregoing, any one or any combination of the following causes:

(1) Violation of any rule, regulation, or order promulgated by the board in accordance with this chapter;

(2) Fraud or deceit in obtaining ~~certification--as--a certified--public-accountant-or-registration-as-a-public accountant,-in-obtaining--registration~~ a permit as a licensee under this chapter~~,~~ or in obtaining a live or temporary permit;

(3) Violation of any of the provisions of Code Section 43-3-35 or any other Code section of this chapter;

(4) Dishonesty, fraud, or gross negligence in the practice of public accountancy;

(5) Commission of a felony under the laws of any state or of the United States;

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

(7) Cancellation, revocation, suspension, or refusal to renew authority to practice as a ~~certified--public accountant-or-as-a-public--accountant~~ licensee by any other state for any cause other than voluntary withdrawal or failure to pay an annual registration fee in such other state;

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

(9) Failure to furnish evidence of satisfaction of requirements of continuing professional education as required by the board pursuant to Code Section 43-3-25 or to meet any conditions with respect to continuing professional education which the board may have ordered under that Code section;

(10) Conduct which discredits the accounting profession; or

(11) Failure of such holder's office to register or renew its registration under Code Section 43-3-23 or the failure of such office to comply with any of the provisions of Code Section 43-3-23.1 or 43-3-23.2."

SECTION 8.

Said chapter is further amended by striking Code Section 43-3-31, relating to reinstatement of certification or registration, and inserting in lieu thereof a new Code Section 43-3-31 to read as follows:

"43-3-31.

Upon written application after a hearing pursuant to Chapter 13 of Title 50, the 'Georgia Administrative Procedure Act,' the board may ~~recertificate a certified public accountant or reregister a public accountant~~ relicense a licensee or foreign accountant whose ~~certification or registration~~ license has been revoked or may reissue or modify the suspension of a live permit which has been revoked or suspended."

SECTION 9.

Said chapter is further amended by striking Code Section 43-3-32, relating to ownership of accountants' working papers, and inserting in lieu thereof a new Code Section 43-3-32 to read as follows:

"43-3-32.

(a) All statements, records, schedules, working papers, computer printouts, computer tapes, and memoranda made by ~~a certified public accountant or public~~ an accountant incident to, or in the course of, professional service to clients by such ~~certified public accountant or public~~ accountant, except reports submitted by ~~a certified public~~

~~accountant--or--public~~ an accountant to a client, shall be and remain the property of such ~~certified---public accountant--or--public~~ accountant and his or her partners, fellow shareholders in a professional corporation, or fellow members ~~of-the-firm~~ in a professional association, in the absence of an express agreement between such ~~certified--public--accountant-or-public~~ accountant and the client to the contrary. No such statement, record, schedule, working paper, or memorandum shall be sold, transferred, or bequeathed, without the consent of the client or his or her personal representative or ~~his~~ assignee, to anyone other than one or more surviving partners, fellow shareholders, or fellow members ~~of-the firm~~ in a professional association of such ~~certified public-accountant-or-public~~ accountant.

(b) All communications between a---~~certified--public accountant-or-public-accountant~~ accountants or ~~employee~~ employees of such ~~certified-public-accountant-or-public accountant~~ accountants acting in the scope of such employment and the person for whom such ~~certified-public accountant,-public--accountant,~~ accountants or ~~employee~~ employees shall have made any audit or other investigation in a professional capacity and all information obtained by ~~a--certified--public--accountant,-public~~ an accountant, or such an employee in his or her professional capacity concerning the business and affairs of clients shall be deemed privileged communications in all courts or in any other proceedings whatsoever; and no such ~~certified-public accountant,---public~~ accountant, or employee shall be permitted to testify with respect to any of such matters, except with the written consent of such person or client or such person's or client's legal representative, provided that nothing in this subsection shall be construed as prohibiting ~~a--certified--public--accountant, public~~ an accountant, or such an employee from:

(1) Disclosing any data required to be disclosed by the standards of the accounting profession in rendering an opinion on the presentation of financial statements or in making disclosure where the practices or diligence of the accountant in preparing, or in expressing an opinion upon, such financial statements are contested;

(2) Disclosing any data where the professional services of the accountant are being contested by or against the

client for whom such services were performed or any representative or assignee of such client;

(3) Disclosing any data to other ~~certified--public accountants,-public~~ accountants, or employees thereof in connection with practice reviews sponsored by professional groups, the purpose of which reviews is to survey such ~~accountant's~~ accountants' business practices, audits, and work papers; or

(4) Disclosing any data in a hearing pursuant to Code Section 43-3-30 or disclosing any data to the board pursuant to the requirements of Code Sections 43-3-23.1, 43-3-23.2, or 43-3-23.3 or regulations thereunder, so long as such data shall be received by the board in camera and shall not be disclosed to the public; ~~and~~ provided, further, that no disclosure provided for in paragraph (1), (2), or (3) of this subsection or in this paragraph shall constitute a waiver of the privilege established in this subsection."

SECTION 10.

Said chapter is further amended by striking in its entirety Code Section 43-3-35, relating to the use of titles and devices, which reads as follows:

"43-3-35.

(a) No individual shall assume or use the title or designation 'certified public accountant' or the abbreviation 'C.P.A.' or any other title, designation, words, letters, abbreviation, sign, card, or device tending to indicate that such individual is a certified public accountant unless such individual has received a certificate as a certified public accountant under this chapter, holds a live permit, and all of such individual's offices in this state for the practice of public accountancy are maintained and registered as required under Code Section 43-3-23, provided that a foreign accountant who has registered under Code Section 43-3-20 and who holds a live permit may use the title under which he or she is generally known in his or her country, followed by the name of the country from which he or she received his or her certificate, license, or degree.

(b) No firm or any other person or entity shall assume or use the title or designation 'certified public accountant' or the abbreviation 'C.P.A.' or any other title,

designation, words, letters, abbreviation, sign, card, or device tending to indicate that such firm, person, or entity is composed of certified public accountants unless such firm, person, or entity is registered as a firm of certified public accountants under Code Section 43-3-21, holds a live permit, and all offices of such firm in this state for the practice of public accountancy are maintained and registered as required under Code Section 43-3-23.

(c) No individual shall assume or use the title or designation 'public accountant' or any other title, designation, words, letters, abbreviation, sign, card, or device tending to indicate that such individual is a public accountant unless such individual has been registered as a public accountant under this chapter, holds a live permit, and all of such person's offices in this state for the practice of public accountancy are maintained and registered as required under Code Section 43-3-23 or unless such person is entitled to use the designation 'certified public accountant' under subsection (a) of this Code section and holds a live permit, provided that nothing in this subsection shall be construed to prohibit the use of the abbreviation 'P.A.' in accordance with the provisions of Chapter 10 of Title 14, 'The Georgia Professional Association Act,' or Chapter 7 of Title 14, the 'Georgia Professional Corporation Act,' or any abbreviation authorized by Chapter 11 of Title 14, the 'Georgia Limited Liability Company Act.'

(d) No firm or any other person or entity shall assume or use the title or designation 'public accountant' or any other title, designation, words, letters, abbreviation, sign, card, or device tending to indicate that such firm or other person or entity is composed of public accountants unless such firm or other person or entity is registered as a firm of public accountants under Code Section 43-3-21, holds a live permit, and all offices of such firm or other person or entity in this state for the practice of public accountancy are maintained and registered as required under Code Section 43-3-23, provided that nothing in this subsection shall be construed to prohibit the use of the abbreviation 'P.A.' in accordance with Chapter 10 of Title 14, 'The Georgia Professional Association Act,' or Chapter 7 of Title 14, the 'Georgia Professional Corporation Act,' or any

abbreviation authorized by Chapter 11 of Title 14, the 'Georgia Limited Liability Company Act.'

(e) No individual, firm, or any other person or entity shall assume or use: (1) any title or designation likely to be confused with 'certified public accountant' or 'public accountant,' including, without limiting the generality of the foregoing, 'certified accountant,' 'enrolled accountant,' 'licensed accountant,' 'licensed public accountant,' or 'registered accountant'; or (2) any abbreviation likely to be confused with 'C.P.A.' or 'P.A.,' including, without limiting the generality of the foregoing, 'C.A.,' 'E.A.,' 'R.A.,' 'L.A.,' or 'L.P.A.,' provided that nothing in this subsection shall be construed to prohibit the use of the abbreviation 'P.A.' in accordance with Chapter 10 of Title 14, 'The Georgia Professional Association Act,' or Chapter 7 of Title 14, the 'Georgia Professional Corporation Act,' or any abbreviation authorized by Chapter 11 of Title 14, the 'Georgia Limited Liability Company Act'; and, provided, further, that a foreign accountant registered under Code Section 43-3-20 who holds a live permit and all of whose offices in this state for the practice of public accountancy are maintained and registered as required under Code Section 43-3-23 may use the title under which he or she is generally known in his or her country, followed by the name of the country from which he or she received his or her certificate, license, or degree.

(f) No individual shall sign or affix his or her name or any trade assumed name used by him or her in his or her profession or business to any opinion or certificate attesting in any way to the reliability of any representation or estimate in regard to any person or organization embracing (1) financial information, or (2) facts respecting compliance with conditions established by law or contract, including but not limited to statutes, ordinances, regulations, grants, loans, and appropriations, together with any wording accompanying, contained in, or affixed on such opinion or certificate, which indicates that he or she has expert knowledge in accounting or auditing unless he or she holds a live permit and all of his or her offices in this state for the practice of public accountancy are maintained and registered under Code Section 43-3-23, provided that this subsection shall not prohibit any officer, employee, partner, member, or principal of any organization from

1 affixing his or her signature to any statement or report 463
2 in reference to the affairs of such organization with any 464
3 wording designating the position, title, or office which
4 he or she holds in such organization, nor shall this 465
5 subsection prohibit any act of a public official or public 466
6 employee in the performance of his or her duties as such. 467

7 (g) No person shall sign or affix, or cause to be signed 469
8 or affixed, a firm name to any opinion or certificate 470
9 attesting in any way to the reliability of any 471
10 representation or estimate in regard to any person or
11 organization embracing (1) financial information, or (2) 472
12 facts respecting compliance with conditions established by 473
13 law or contract, including but not limited to statutes, 474
14 ordinances, regulations, grants, loans, and
15 appropriations, together with any wording accompanying or 475
16 contained in such opinion or certificate, which indicates 476
17 that such firm is composed of or employs persons having
18 expert knowledge in accounting or auditing unless the firm 477
19 holds a live permit and all of its offices in this state 478
20 for the practice of public accountancy are maintained and 479
21 registered as required under Code Section 43-3-23.

22 (h) A licensee shall not use or participate in the use of 481
23 any form of public communication having reference to his 482
24 or her professional services which contains a false, 483
25 fraudulent, misleading, deceptive, or unfair statement or
26 claim. A false, fraudulent, misleading, deceptive, or 484
27 unfair statement or claim includes but is not limited to a 485
28 statement or claim which:

29 (1) Contains a misrepresentation of fact; 487

30 (2) Is likely to mislead or deceive because it fails to 489
31 make full disclosure of relevant facts; 490

32 (3) Contains any testimonial, laudatory, or other 492
33 statement or implication that the licensee's 493
34 professional services are of exceptional quality, if not
35 supported by verifiable facts; 494

36 (4) Is intended or likely to create false or unjustified 496
37 expectations of favorable results; 497

38 (5) Implies educational or professional attainments or 499
39 licensing recognition not supported in fact; 500

40 (6) States or implies that the licensee has received 502
41 formal recognition as a specialist in any aspect of the 503

practice of public accounting, except in accordance with rules adopted by the board;

(7) Represents that professional services can or will be completely performed for a stated fee when this is not the case or makes representations with respect to fees for professional services that do not disclose all variables that may reasonably be expected to affect the fees that will in fact be charged; or

(8) Contains other representations or implications that in reasonable probability will cause an ordinarily prudent person to misunderstand or be deceived.

(i) The board may by rule or regulation prohibit a licensee from soliciting by any direct personal communication an engagement to perform professional services.",

and inserting in lieu thereof a new Code Section 43-3-35 to read as follows:

"43-3-35.

(a) No individual partnership, professional association, professional corporation, or any other person or entity shall assume or use:

(1) Any title or designation likely to be confused with a licensee, including 'certified accountant,' 'licensed accountant,' or 'registered accountant'; or

(2) Abbreviations likely to be confused with 'C.P.A.,' 'R.P.A.,' or 'L.P.A.,' including 'C.A.,' 'R.A.,' 'L.A.,' or 'P.A.,'

provided that nothing in this subsection shall be construed to prohibit the use of the abbreviation 'P.A.' in accordance with Chapter 10 of Title 14, 'The Georgia Professional Association Act,' or Chapter 7 of Title 14, the 'Georgia Professional Corporation Act'; provided, further, that a foreign accountant registered under Code Section 43-3-20 who holds a live permit and all of whose offices in this state for the practice of public accountancy are maintained and registered as required under Code Section 43-3-23 may use the title under which he or she is generally known in his or her country, followed by the name of the country from which he or she received his or her certificate, license, or degree.

(b) No individual shall sign or affix his or her name or any trade assumed name used by him or her in his or her profession or business to any opinion or certificate attesting in any way to the reliability of any representation or estimate in regard to any person or organization embracing financial information or facts respecting compliance with conditions established by law or contract, including but not limited to statutes, ordinances, regulations, grants, loans, and appropriations, together with any wording accompanying, contained in, or affixed on such opinion or certificate, which indicates that he or she has expert knowledge in accounting or auditing unless he or she holds a live permit and all of his or her offices in this state for the practice of public accountancy are maintained and registered under Code Section 43-3-23, provided that this subsection shall not prohibit any officer, employee, partner, member, or principal of any organization from affixing his or her signature to any statement or report in reference to the affairs of such organization with any wording designating the position, title, or office which he or she holds in such organization, nor shall this subsection prohibit any act of a public official or public employee in the performance of his or her duties as such.

(c) No person shall sign or affix, or cause to be signed or affixed, a firm name to any opinion or certificate attesting in any way to the reliability of any representation or estimate in regard to any person or organization embracing financial information or facts respecting compliance with conditions established by law or contract, including but not limited to statutes, ordinances, regulations, grants, loans, and appropriations, together with any wording accompanying or contained in such opinion or certificate, which indicates that such firm is composed of or employs persons having expert knowledge in accounting or auditing unless the firm holds a live permit and all of its offices in this state for the practice of public accountancy are maintained and registered as required under Code Section 43-3-23.

(d) A licensee shall not use or participate in the use of any form of public communication having reference to his or her professional services which contains a false, fraudulent, misleading, deceptive, or unfair statement or claim. A false, fraudulent, misleading, deceptive, or

unfair statement or claim includes but is not limited to a statement or claim which:

(1) Contains a misrepresentation of fact;

(2) Is likely to mislead or deceive because it fails to make full disclosure of relevant facts;

(3) Contains any testimonial, laudatory, or other statement or implication that the licensee's professional services are of exceptional quality, if not supported by verifiable facts;

(4) Is intended or likely to create false or unjustified expectations of favorable results;

(5) Implies educational or professional attainments or licensing recognition not supported in fact;

(6) States or implies that the licensee has received formal recognition as a specialist in any aspect of the practice of public accounting, except in accordance with rules adopted by the board;

(7) Represents that professional services can or will be completely performed for a stated fee when this is not the case or makes representations with respect to fees for professional services that do not disclose all variables that may reasonably be expected to affect the fees that will in fact be charged; or

(8) Contains other representations or implications that in reasonable probability will cause an ordinarily prudent person to misunderstand or be deceived.

(e) The board may by rule or regulation prohibit a licensee from soliciting by any direct personal communication an engagement to perform professional services."

SECTION 11.

All laws and parts of laws in conflict with this Act are repealed.

Appendix C
Comparison of Requirements for Various Classifications of Accountants
Page 1 of 2

Qualification	Certified Public Accountants		Registered Public Accountants	Licensed Public Accountants *(as proposed)*	Unlicensed
Age	18		18	18	None
Education	Currently Baccalaureate degree with concentration in accounting or course work equivalent to accounting concentration	After May 1998 Baccalaureate degree with 150 semester hours (225 quarter hours); undergraduate concentration in accounting & related business administration or equivalent	High school diploma or equivalent	High school diploma or equivalent	None
Experience	1) 2 years experience (4,000 hours) in public accounting; or 2) 5 years experience (10,000 hours) in business accounting & auditing following generally accepted accounting principles; supervised by CPA/RPA; or 3) 5 years experience (10,000 hours) in government agency responsible for auditing & accounting functions. or 4) 5 years teaching experience in 2 different areas of accounting at accredited 4-year college or university		1) 2 yrs experience (4,000 Hrs) in public accounting; or 2) 5 yrs experience (10,000 hours) in business accounting & auditing following generally accepted accounting principles; supervision by CPA/RPA. or 3) 5 yrs experience (10,000 hours) in government agency responsible for auditing & accounting functions. or 4) 5 yrs. teaching experience in 2 different areas of accounting at 4-year college or university	1) 3 yrs experience in accounting services for the public & pass quality assurance review program equal to the State Board of Accountancy's report monitoring program in compilation or review; or 2) 2 yrs experience in accounting services for the public; pass quality assurance review program equal to the Board's report monitoring program in compilation or review; & enrolled to practice before IRS or accredited in taxation by the Accreditation Council for Accountancy & Taxation.	None
Test	AICPA 4-part examination 1) Auditing 2) Accounting and Reporting 3) Financial Accounting & Reporting 4) Business Law & Professional Responsibility		AICPA 3 parts of 4-part examination: 1) Auditing 2) Accounting and Reporting 3) Financial Accounting and Reporting	or Successful completion of Accreditation Council of Accounting and Taxation examination	None

Appendix C
Comparison of Requirements for Various Classifications of Accountants
Page 2 of 2

Qualification	Certified Public Accountants	Registered Public Accountants	Licensed Public Accountants *(as proposed)*	Unlicensed
Other Qualifications	Good moral character Code of professional conduct as specified by State Board of Accountancy rules	Good moral character Code of professional conduct as specified by State Board of Accountancy rules	Good moral character Code of Professional Conduct as specified by State Board of Accountancy rules	None
Requirements to retain license	80 hours of continuing professional education within 2-year period -- at least 20 hours each year; 16 hours in accounting and auditing.	80 continuing professional education hours; within 2-year period -- at least 20 hours each year; 16 hrs of accounting and auditing.	Continuing professional education hours required specified by State Board of Accountancy	None
Accounting Activities	Compilations Reviews Tax preparation Auditing Other accounting services Can refer to generally accepted accounting standards	Compilations Reviews Tax preparation Auditing Other accounting services Can refer to generally accepted accounting standards	Compilations Reviews Tax preparation Other unaudited accounting services Can refer to generally accepted accounting standards	Compilations Reviews Tax prep. Other unaudited accounting services

Source: The *Accountancy Act of 1977*; H.B. 703

Appendix D
Comparison of Compilation Reports
Prepared by CPAs and RPAs, Unlicensed Accountants, and Proposed LPAs

Compilation Report Prepared by CPAs and RPAs	Compilation Report Prepared by Unlicensed Accountants	Compilation Report That Would Be Prepared by LPAs if House Bill 703 Is Enacted
I (we) have compiled the accompanying balance sheet of XYZ Company of December 31, 19XX, and the related statements of income, retained earnings, and cash flows for the year then ended, ***in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.***	I (we) have compiled the accompanying balance sheet of XYZ Company of December 31, 19XX, and the related statements of income, retained earnings, and cash flows for the year then ended.	I (we) have compiled the accompanying balance sheet of XYZ Company of December 31, 19XX, and the related statements of income, retained earnings, and cash flows for the year then ended, ***in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.***
A compilation is limited to presenting in the form of financial statements information that is the representation of management (owners). I (we) have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or any other form of assurance on them.	A compilation is limited to presenting in the form of financial statements information that is the representation of management (owners). I (we) have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or any other form of assurance on them.	A compilation is limited to presenting in the form of financial statements information that is the representation of management (owners). I (we) have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or any other form of assurance on them.

Note: The only difference is the compilation letter now prepared by unlicensed accountants from the letter now prepared by CPAs and RPAs and proposed for LPAs is that the language (in bold italics) referring to standards is omitted in the letter prepared by unlicensed accountants.

Appendix E
Comparison of Review Reports Prepared by CPAs and RPAs, Unlicensed Accountants, and Proposed LPAs

Review Report Prepared by CPAs and RPAs	Review Report Prepared by Unlicensed Accountants	Review Report That Would Be Prepared by LPAs if House Bill 703 Is Enacted
I (we) have reviewed the accompanying balance sheet of XYZ Company as of December 31, 19XX, and the related statements of income, retained earnings, and cash flows for the year then ended, ***in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.*** All information included in these financial statements is the representation of the management (owners) of XYZ Company.	I (we) have reviewed the accompanying balance sheet of XYZ Company as of December 31, 19XX, and the related statements of income, retained earnings, and cash flows for the year then ended. All information included in these financial statements is the representation of the management (owners) of XYZ Company.	I (we) have reviewed the accompanying balance sheet of XYZ Company as of December 31, 19XX, and the related statements of income, retained earnings, and cash flows for the year then ended, ***in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.*** All information included in these financial statements is the representation of the management (owners) of XYZ Company.
A review consists principally of inquiries of company personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, I (we) do not express such an opinion.	A review consists principally of inquiries of company personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, I (we) do not express such an opinion.	A review consists principally of inquiries of company personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, I (we) do not express such an opinion.
Based on my (our) review, I am (we are) not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with generally accepted accounting principles.	Based on my (our) review, I am (we are) not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with generally accepted accounting principles.	Based on my (our) review, I am (we are) not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with generally accepted accounting principles.

Note: The only difference is the review letter now prepared by unlicensed accountants from the letter now prepared by CPAs and RPAs and proposed for LPAs is that the language (in bold italics) referring to standards is omitted in the letter prepared by unlicensed accountants.

Appendix F Comparison of Other States' Requirements for Licensed Public Accountants *Page 1 of 2*				
State	Examination Required	Education Required	Experience Required	Practice Restrictions
Delaware	Applicant can choose: Uniform CPA examination - 2 parts: Practice and Auditing or National Society of Public Accountants (NSPA) examination; and Exam on professional ethics	Associate Degree from 2-year college with concentration in accountancy	4 years experience under LPA or 2 years experience under CPA	Can attest and do everything CPAs can do except government audits
Indiana	Uniform CPA examination - 2 parts: Accounting and Reporting section and practice if applicant has Baccalaureate degree in Accounting, business, or related field; Uniform CPA examination - 3 parts: Accounting and Reporting, practice, and theory if applicant has only high school	High School graduate	Between 36 and 72 months practice; length of time depends upon type of experience.	Cannot attest or issue opinions
Iowa	Accreditation Council for Accountancy and Taxation (ACAT) exam plus Iowa Tax exam	2 year certificate in accounting or business	2 year working under a Licensed Accounting Practitioner or a CPA; 5 years working as an accounting practitioner	Cannot conduct reviews; cannot attest or issue opinions
Montana	Uniform CPA Examination - 3 parts: Auditing, Financial accounting and reporting, and either Business Law or Accounting and Reporting.	Baccalaureate degree in accounting or related field	1 year or 2000 hours in public accountancy area or 2 years or 4000 hours in private industry or government accounting.	No restrictions

Appendix F
Comparison of Other States
Requirements for Licensed Public Accountants
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State	Examination Required	Education Required	Experience Required	Practice Restrictions
Oklahoma	Uniform CPA Examination - 3 parts: Auditing, Financial Accounting and Reporting, and Accounting and Reporting-taxation.	High School Graduate or Equivalent After 7/99 - Baccalaureate degree in Accounting or other area supplemented by accounting courses	3 years public accounting experience (at least one year in Oklahoma) or equivalent	No restrictions
Oregon	Uniform CPA examination - 2 parts: Accounting Practice and Auditing	Baccalaureate degree with 20 semester (30 quarter) hours in accounting and 10 hours in related areas.	1 year in public accounting under the supervision of a CPA or Oregon-Licensed Public Accountant	No restrictions
South Carolina	Uniform CPA examination - 2 parts: Financial Accounting and Reporting and Accounting and Reporting-taxation	Baccalaureate degree with 24 semester hours in accounting	None required	Cannot attest or issue opinions
Vermont	Uniform CPA examination - 1 part: Auditing and National Society of Public Accountants - Accounting	"minimum education reasonably needed to demonstrate competency"	2 years in public accounting or equivalent	No restrictions

Note: The composition of the Uniform CPA examination has been revised from 4 parts including Practice, Theory, Auditing, and Business law to 4 parts including Auditing, Accounting and Reporting, Financial Accounting and Reporting, and Business Law and Professional Responsibility. Some State's LPA requirements still reference the Uniform CPA examination that has been replaced.

Source: *NSPA Synopsis of State Laws Regulating the Public Practice of Accountancy*; Telephone interviews with state regulating boards.