

AN ACT

RELATING TO PUBLIC ACCOUNTANCY; CHANGING THE OWNERSHIP
REQUIREMENTS FOR A PERMIT TO PRACTICE AS A PUBLIC ACCOUNTANT
FIRM; AMENDING A SECTION OF THE 1999 PUBLIC ACCOUNTANCY ACT.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

Section 1. Section 61-28B-13 NMSA 1978 (being Laws
1999, Chapter 179, Section 13) is amended to read:

"61-28B-13. FIRM PERMITS TO PRACTICE, ATTEST
EXPERIENCE, PEER REVIEW.--

A. The board may grant or renew a permit to
practice as a firm to an applicant that demonstrates its
qualification for the permit as provided in Subsection E of
this section. A firm must hold a permit issued pursuant to
the provisions of the 1999 Public Accountancy Act in order
to provide attest services or use the title "certified
public accountant", "CPA", "certified public accountant
firm", "CPA firm", "registered public accountant", "RPA",
"registered public accountant firm" or "RPA firm".

B. Permits shall be issued and renewed for
periods not more than two years, expiring on June 30.
Failure to pay the renewal fee shall be cause for the board
to withhold renewal of a certificate without prior hearing
pursuant to the provisions of the Uniform Licensing Act. A
certificate holder whose certificate has been canceled for
failure to pay the annual renewal fee may secure
reinstatement of his certificate upon payment of the
delinquency fee set by the board. If the renewal fee and

delinquency fee are not paid by September 30 of the year in which the renewal fee was due, a certificate shall be reinstated only upon application and examination satisfactory to the board.

C. The board shall grant or deny an application for a permit no later than ninety days after the complete application is filed.

D. If an applicant appeals the decision of the board to deny a permit, the board may issue a provisional permit for no longer than ninety days while the board reconsiders its decision.

E. An applicant for initial issuance or renewal of a permit shall demonstrate that:

(1) a simple majority of the ownership of the firm, in terms of financial interests, profits, losses, dividends, distributions, options, redemptions and voting rights of all partners, officers, shareholders, members or managers, belongs to holders of a certificate who are licensed in some state. Such partners, officers, shareholders, members or managers, whose principal place of business is in New Mexico, and who perform professional services in New Mexico, must hold a valid certificate. The firm and all owners must comply with the 1999 Public Accountancy Act. A firm may include owners who are not certificate holders; provided that:

(a) the firm designates a New Mexico certificate holder who is responsible for the proper registration of the firm and identifies that individual to

the board;

(b) all owners who are not certificate holders are active individual participants in the certified public accountant firm or registered public accountant firm or affiliated entities; and

(c) the firm complies with the 1999 Public Accountancy Act; and

(2) an individual certificate holder who is responsible for supervising attest services or signs or authorizes someone to sign the accountant's report on the financial statements on behalf of the firm meets the experience requirements set out in the professional standards for such services.

F. An applicant for initial issuance or renewal of a permit shall be required to register each office of the firm within New Mexico with the board and to show that all attest services rendered in this state are under the charge of a person holding a valid certificate issued pursuant to the 1999 Public Accountancy Act or the corresponding provision of prior law or by some other state.

G. An applicant for initial issuance or renewal of a permit shall list all foreign and domestic jurisdictions in which it has applied for or holds permits as a certified public accountant firm and list any past denial, revocation or suspension of a permit by any jurisdiction. Each permit holder or applicant shall notify the board in writing, within thirty days of the occurrence of a change in the identities of partners, officers,

shareholders, members or managers whose principal place of business is in this state, a change in the number or location of offices within this state, a change in the identity of the persons in charge of such offices and any issuance, denial, revocation or suspension of a permit by another jurisdiction.

H. A firm that falls out of compliance with the provisions of the 1999 Public Accountancy Act due to changes in firm ownership or personnel shall take corrective action to bring the firm back into compliance as quickly as possible. The board may grant a six-month period for a firm to take the corrective action. Failure to bring the firm back into compliance within six months shall result in the suspension or revocation of the firm permit.

I. As a condition to permit renewal, the board shall require the applicant to undergo a peer review conducted in accordance with board rules. The review shall include a verification that a person in the firm who is responsible for supervising attest services and signs or authorizes someone to sign the accountant's report on the financial statements on behalf of the firm meets the experience requirements set out in the professional standards for the services as required by the board.

J. If a partner, shareholder or member is a legal business entity, that legal business entity must be a firm.

K. Attest services may only be provided by a certificate holder or a member of a firm that satisfies the

requirements of this section. Attest services may not be performed by a certificate holder who is a member of a firm that does not meet the certificate holder's ownership requirements set forth in this section."

Section 2. EFFECTIVE DATE.--The effective date of the provisions of this act is July 1, 2000. _____