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SENATE BILL 31

**44TH LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION,
2000**

INTRODUCED BY

Roman M. Maes III

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

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1 firm", "registered public accountant", "RPA", "registered
2 public accountant firm" or "RPA firm".

3 B. Permits shall be issued and renewed for periods
4 not more than two years, expiring on June 30. Failure to pay
5 the renewal fee shall be cause for the board to withhold
6 renewal of a certificate without prior hearing pursuant to
7 the provisions of the Uniform Licensing Act. A certificate
8 holder whose certificate has been canceled for failure to pay
9 the annual renewal fee may secure reinstatement of his
10 certificate upon payment of the delinquency fee set by the
11 board. If the renewal fee and delinquency fee are not paid
12 by September 30 of the year in which the renewal fee was due,
13 a certificate shall be reinstated only upon application and
14 examination satisfactory to the board.

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

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

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

24 (1) a ~~[minimum of sixty percent]~~ simple
25 majority of the ownership of the firm, in terms of financial
interests, profits, losses, dividends, distributions,
options, redemptions and voting rights of all partners,

1 officers, shareholders, members or managers, belongs to
2 holders of a certificate who are licensed in some state.
3 Such partners, officers, shareholders, members or managers,
4 whose principal place of business is in New Mexico, and who
5 perform professional services in New Mexico, must hold a
6 valid certificate. The firm and all owners must comply with
7 the 1999 Public Accountancy Act. A firm may include owners
8 who are not certificate holders; provided that:

9 (a) the firm designates a New Mexico
10 certificate holder who is responsible for the proper
11 registration of the firm and identifies that individual to
12 the board;

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

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

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

25 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

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1 attest services rendered in this state are under the charge
2 of a person holding a valid certificate issued pursuant to
3 the 1999 Public Accountancy Act or the corresponding
4 provision of prior law or by some other state.

5 G. An applicant for initial issuance or renewal of
6 a permit shall list all foreign and domestic jurisdictions in
7 which it has applied for or holds permits as a certified
8 public accountant firm and list any past denial, revocation
9 or suspension of a permit by any jurisdiction. Each permit
10 holder or applicant shall notify the board in writing, within
11 thirty days of the occurrence of a change in the identities
12 of partners, officers, shareholders, members or managers
13 whose principal place of business is in this state, a change
14 in the number or location of offices within this state, a
15 change in the identity of the persons in charge of such
16 offices and any issuance, denial, revocation or suspension of
17 a permit by another jurisdiction.

18 H. A firm that falls out of compliance with the
19 provisions of the 1999 Public Accountancy Act due to changes
20 in firm ownership or personnel shall take corrective action
21 to bring the firm back into compliance as quickly as
22 possible. The board may grant a six-month period for a firm
23 to take the corrective action. Failure to bring the firm
24 back into compliance within six months shall result in the
25 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

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1 conducted in accordance with board rules. The review shall
2 include a verification that a person in the firm who is
3 responsible for supervising attest services and signs or
4 authorizes someone to sign the accountant's report on the
5 financial statements on behalf of the firm meets the
6 experience requirements set out in the professional standards
7 for the services as required by the board.

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

10 K. Attest services may only be provided by a
11 certificate holder or a member of a firm that satisfies the
12 requirements of this section. Attest services may not be
13 performed by a certificate holder who is a member of a firm
14 that does not meet the certificate holder's ownership
15 requirements set forth in this section."

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