

## LEGISLATIVE BILL 346

Approved by the Governor March 30, 1999

Introduced by Byars, 30

AN ACT relating to certified public accountants; to amend sections 1-116 and 1-162.01, Reissue Revised Statutes of Nebraska; to change provisions relating to examination eligibility and firm ownership; to repeal the original sections; and to declare an emergency.

Be it enacted by the people of the State of Nebraska,

Section 1. Section 1-116, Reissue Revised Statutes of Nebraska, is amended to read:

1-116. (1) Prior to January 1, 1998, a person shall be eligible to take the examination described in section 1-114 if he or she meets the requirements of subdivision (1)(a) of section 1-114. A person who takes the examination prior to January 1, 1998, remains eligible to take any examination held by the board on or before December 31, 2000, for a maximum of six sittings.

(2) ~~Any~~ Except as otherwise provided in this subsection, any person making initial application on or after January 1, 1998, shall be eligible to take the examination described in section 1-114 if he or she has completed at least one hundred fifty semester hours or two hundred twenty-five quarter hours of postsecondary academic credit and has earned a baccalaureate or higher degree from a college or university accredited by the North Central Association of Colleges and Universities or a similar agency as determined to be acceptable by the board. The person shall demonstrate that accounting, auditing, business, and other subjects at the appropriate academic level as required by the board are included within the required hours of postsecondary academic credit. A person who expects to complete the postsecondary academic credit and earn the degree as required by this subsection within sixty days following when the examination is held shall be eligible to take such examination, but such person shall not receive any credit for such examination unless evidence satisfactory to the board showing that such person has completed the postsecondary academic credit and earned the degree as required by this subsection is received by the board within ninety days following when the examination is held. The board shall not prescribe the specific curricula of colleges or universities. If the applicant is an individual, the application shall include the applicant's social security number.

Sec. 2. Section 1-162.01, Reissue Revised Statutes of Nebraska, is amended to read:

1-162.01. Notwithstanding the Nebraska Professional Corporation Act or the Public Accountancy Act or any other provision of law inconsistent with this section, firms may have persons as owners who are not certified public accountants or public accountants if the following conditions are met:

(1) Such persons shall not exceed forty-nine percent of the total number of owners of such firm;

(2) Such persons shall not hold, in the aggregate, more than ~~thirty-three~~ forty-nine percent of such firm's equity capital or voting rights or receive, in the aggregate, more than ~~thirty-three~~ forty-nine percent of such firm's profits or losses;

(3) Such persons shall not hold themselves out as certified public accountants or public accountants;

(4) Such persons shall not hold themselves out to the general public or to any client as an owner, partner, shareholder, limited liability company member, director, officer, or other official of the firm except in a manner specifically permitted by the rules and regulations of the board;

(5) Such persons shall not have ultimate responsibility for the performance of any audit, review, or compilation of financial statements or other forms of attestation related to financial information;

(6) Such persons shall not be owners of a firm engaged in the practice of public accountancy without board approval if such persons (a) have been convicted of any felony under the laws of any state, of the United States, or of any other jurisdiction, (b) have been convicted of any crime, an element of which is dishonesty or fraud, under the laws of any state, of the United States, or of any other jurisdiction, (c) have had their professional or vocational licenses, if any, suspended or revoked by a licensing agency of any state of the United States or of any other jurisdiction or such persons have otherwise been the subject of other final disciplinary action by any such agency, or (d) are in violation of any rule or regulation regarding character

or conduct adopted and promulgated by the board relating to owners who are not certified public accountants or public accountants; and

(7) Such persons, regardless of where located, shall actively participate in the business of the firm.

The board shall adopt and promulgate rules and regulations for purposes of interpretation and enforcement of compliance with this section.

Sec. 3. Original sections 1-116 and 1-162.01, Reissue Revised Statutes of Nebraska, are repealed.

Sec. 4. Since an emergency exists, this act takes effect when passed and approved according to law.