

FEB 11 1993

Place On Calendar

HOUSE FILE 191

BY COMMITTEE ON STATE GOVERNMENT

*Substituted for SF 153 3/29/93*

(SUCCESSOR TO HSB 50)

Passed House, <sup>(P390)</sup> Date 2/23/93

Passed Senate, <sup>(P857)</sup> Date 3/29/93

Vote: Ayes 95 Nays 0

Vote: Ayes 47 Nays 0

Approved April 5, 1993

**A BILL FOR**

1 An Act authorizing certified public accountants and accounting  
2 practitioners to practice as limited liability companies.

3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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HF 191

1 Section 1. Section 542C.2, Code 1993, is amended by adding  
2 the following new unnumbered paragraph:

3 NEW UNNUMBERED PARAGRAPH. "Practice of public accounting"  
4 means the performance or the offering to perform, by a person  
5 holding oneself out to the public as a certified public  
6 accountant or accounting practitioner, one or more kinds of  
7 services involving the use of accounting or auditing skills,  
8 including the issuance of reports on financial statements, or  
9 of one or more kinds of management advisory, financial  
10 advisory, or consulting services, or the preparation of tax  
11 returns or the furnishing of advice on tax matters.

12 Sec. 2. Section 542C.3, subsection 7, Code 1993, is  
13 amended to read as follows:

14 7. The board may issue further rules and regulations,  
15 including but not limited to rules of professional conduct,  
16 pertaining to corporations or limited liability companies  
17 practicing public accounting, which it deems consistent with  
18 or required by the public welfare. The board may prescribe  
19 rules governing the style, name, and title of corporations and  
20 limited liability companies and governing the affiliation of  
21 corporations and limited liability companies with other  
22 organizations.

23 Regulations adopted by the board shall not be in conflict  
24 with the Iowa Professional-Corporation professional  
25 corporation Act, provided in chapter 496C or the limited  
26 liability company Act, provided in chapter 490A.

27 Sec. 3. Section 542C.6, subsection 1, paragraph a, Code  
28 1993, is amended to read as follows:

29 a. "Applicant" means an entity holding a permit to  
30 practice as a corporation, limited liability company, or  
31 partnership of certified public accountants issued pursuant to  
32 section 542C.20, subsection 3, or a person certified as a  
33 certified public accountant pursuant to section 542C.5 who  
34 practices as a sole proprietorship.

35 Sec. 4. Section 542C.18, unnumbered paragraphs 2 through

1 5, Code 1993, are amended to read as follows:

2 A corporation organized for the practice of public  
3 accounting shall register with the board as a corporation of  
4 certified public accountants or accounting practitioners. A  
5 limited liability company organized for the practice of public  
6 accounting shall register with the board as a limited  
7 liability company of certified public accountants or  
8 accounting practitioners.

9 Application for registration as a partnership, or  
10 corporation, or limited liability company shall be made upon  
11 the affidavit of a general partner of the partnership, or  
12 officer of the corporation, or manager of the limited  
13 liability company who is a certified public accountant or  
14 accounting practitioner of this state having a current permit  
15 to practice.

16 The board shall in each every case determine whether the  
17 applicant is eligible for registration.

18 A partnership, or corporation, or limited liability company  
19 which is so registered, and which holds a permit issued under  
20 section 542C.20, may use the words "certified public  
21 accountant" or the abbreviation "CPA" or "accounting  
22 practitioner" or the abbreviation "AP" in connection with its  
23 partnership, or corporation, or limited liability company  
24 name.

25 Sec. 5. Section 542C.19, unnumbered paragraphs 1 and 2,  
26 Code 1993, are amended to read as follows:

27 Each office established or maintained in this state for the  
28 practice of public accounting in this state by a certified  
29 public accountant, or partnership, or corporation, or limited  
30 liability company of certified public accountants, or by an  
31 accounting practitioner or partnership of accounting  
32 practitioners, or by a person registered under section  
33 542C.17, shall be registered annually under this chapter with  
34 the board, but no fee shall be charged for the registration.

35 Each such office shall be under the direct supervision of a

1 resident manager who may be either a member, principal,  
2 shareholder, or a staff employee holding a current permit  
3 under section 542C.20. The title or designation "certified  
4 public accountant" or the abbreviation "CPA" or "accounting  
5 practitioner" or the abbreviation "AP" shall not be used in  
6 connection with an office unless the resident manager is the  
7 holder of a certificate as a certified public accountant under  
8 section 542C.5, or a license as an accounting practitioner  
9 issued under section 542C.7 or 542C.8, and a permit issued  
10 under section 542C.20, both of which are in full force and  
11 effect.

12 Sec. 6. Section 542C.20, subsections 3 through 5, Code  
13 1993, are amended to read as follows:

14 3. Permits to engage in the practice of public accounting  
15 in this state shall also be issued by the board to persons,  
16 partnerships, and corporations, or limited liability companies  
17 registered under sections 542C.17 and 542C.18 if all offices  
18 of the registrant are maintained and registered as required  
19 under section 542C.19.

20 4. There shall be a permit fee in an amount to be  
21 determined by the board, payable by certified public  
22 accountants and accounting practitioners engaged in practice  
23 in this state. A fee shall not be charged for the renewal of  
24 a partnership, or corporation, or limited liability company  
25 permit to practice. All permits shall expire as determined by  
26 the board.

27 5. A person, firm, or corporation, or limited liability  
28 company shall not practice as a certified public accountant or  
29 accounting practitioner without a permit.

30 Sec. 7. Section 542C.22, Code 1993, is amended to read as  
31 follows:

32 542C.22 REVOCATION, SUSPENSION, AND REFUSAL TO RENEW  
33 REGISTRATION AND PERMIT OF PARTNERSHIP, OR CORPORATION, OR  
34 LIMITED LIABILITY COMPANY.

35 After notice and hearing as provided in section 542C.23,

1 the board shall revoke the registration and permit to practice  
2 of a partnership, or corporation, or limited liability company  
3 if at any time it does not possess the qualifications  
4 prescribed by the section of this chapter under which it  
5 qualified for registration.

6 After notice and hearing as provided in section 542C.23,  
7 the board may revoke or suspend the registration of a  
8 partnership, or corporation, or limited liability company, or  
9 may revoke, suspend, or refuse to renew its permit to practice  
10 or may censure the holder of any such permit for any of the  
11 following additional causes:

12 1. The revocation or suspension of the certificate,  
13 registration, or license or the revocation or suspension or  
14 refusal to renew the permit to practice of any member,  
15 partner, officer, or shareholder.

16 2. The cancellation, revocation, suspension, or refusal to  
17 renew the authority of the partnership, or corporation, or  
18 limited liability company, or any member, partner, officer, or  
19 shareholder thereof to practice public accounting in any other  
20 state for any cause other than failure to pay appropriate fees  
21 in such other state.

22 Sec. 8. Section 542C.23, subsection 4, Code 1993, is  
23 amended to read as follows:

24 4. At any hearing the accused may appear in person and by  
25 counsel, produce evidence and witnesses on behalf of the  
26 accused, cross-examine witnesses, and examine evidence which  
27 is produced against the accused. A corporation may be  
28 represented before the board by counsel, or by a shareholder  
29 who is a certified public accountant or accounting  
30 practitioner of this state in good standing. A limited  
31 liability company may be represented before the board by  
32 counsel, or by a member who is a certified public accountant  
33 or accounting practitioner of this state in good standing.

34 The accused is entitled, on application to the board, to the  
35 issuance of subpoenas to compel the attendance of witnesses on

1 behalf of the accused.

2 Sec. 9. Section 542C.25, subsections 2, 4, 6, 7, 9, and  
3 10, Code 1993, are amended to read as follows:

4 2. ~~No~~ A partnership, or corporation, or limited liability  
5 company shall not assume or use the title or designation  
6 "certified public accountant" or the abbreviation "CPA" or any  
7 other title, designation, words, letters, abbreviation, sign,  
8 card, or device tending to indicate that the partnership, or  
9 corporation, or limited liability company is composed of  
10 certified public accountants unless ~~the-partnership-or~~  
11 ~~corporation~~ it is registered as a partnership ~~of-certified~~  
12 ~~public-accountants,~~ corporation, or limited liability company  
13 under section 542C.18, holds a current permit issued under  
14 section 542C.20, and all offices of such partnership, or  
15 corporation, or limited liability company in this state for  
16 the practice of public accounting are maintained and are  
17 registered as required under section 542C.19.

18 4. A partnership, or corporation, or limited liability  
19 company shall not assume or use the title or designation  
20 "public accountant" or any other title, designation, words,  
21 letters, abbreviation, sign, card, or device tending to  
22 indicate that the partnership, or corporation, or limited  
23 liability company is composed of certified public accountants,  
24 unless the partnership, or corporation, or limited liability  
25 company is registered as a partnership, or corporation, or  
26 limited liability company of certified public accountants  
27 under section 542C.18.

28 6. ~~No~~ A partnership, or corporation, or limited liability  
29 company shall not assume or use the title or designation  
30 "accounting practitioner" or the abbreviation "AP" or any  
31 other title, designation, words, letters, abbreviation, sign,  
32 card, or device, tending to indicate that the partnership, or  
33 corporation, or limited liability company is composed of  
34 licensed accounting practitioners ~~unless-the~~ except as a  
35 partnership, or corporation, or limited liability company

1 under section 542C.18 holds holding a permit issued under  
2 section 542C.20, and all offices of the partnership, or  
3 corporation, or limited liability company in this state are  
4 maintained and are registered as required under section  
5 542C.19.

6 7. No A person, partnership, or corporation, or limited  
7 liability company shall not assume or use the title or  
8 designation "certified accountant", "chartered accountant",  
9 "enrolled accountant", "licensed accountant", "registered  
10 accountant", or any other title or designation likely to be  
11 confused with "certified public accountant" or "public  
12 accountant" or any of the abbreviations "CA", "PA", "EA",  
13 "RA", or "LA", or similar abbreviations, likely to be confused  
14 with "CPA". However, a foreign accountant registered under  
15 section 542C.17 may use the title under which the foreign  
16 accountant is generally known in the foreign accountant's  
17 country, followed by the name of the country from which the  
18 foreign accountant received the certificate, license, or  
19 degree. Nothing in this subsection shall prohibit the use of  
20 the title or designation "accountant" by persons other than  
21 those holding a current permit issued under section 542C.20.

22 9. No A person shall not sign or affix a partnership, or  
23 corporation, or limited liability company name to any opinion  
24 attesting to the reliability of any representation in regard  
25 to any person or organization embracing financial information  
26 or facts respecting compliance with conditions established by  
27 law or contract, including but not limited to statutes,  
28 ordinances, regulations, grants, loans and appropriations,  
29 unless except the name of a partnership, or corporation, or  
30 limited liability company holds holding a current permit  
31 issued under section 542C.20 and with all of its offices in  
32 this state for the practice of certified public accounting are  
33 maintained and registered as required under section 542C.19.

34 10. A person shall not assume or use the title or  
35 designation "certified public accountant" or "public

1 accountant" in conjunction with names indicating or implying  
2 that there is a partnership, or corporation, or limited  
3 liability company or in conjunction with the designation "and  
4 company", "and co.", or a similar designation, if in any such  
5 case, there is in fact no bona fide partnership, or  
6 corporation, or limited liability company registered under  
7 section 542C.18; however, a sole proprietor or partnership  
8 lawfully using such a title or designation on July 1, 1975,  
9 may continue to do so if the sole proprietor or partnership  
10 otherwise complies with the provisions of this chapter.

11 Sec. 10. Section 542C.26, Code 1993, is amended to read as  
12 follows:

13 542C.26 EMPLOYEES OF ACCOUNTANTS.

14 This chapter does not prohibit any person not a certified  
15 public accountant or accounting practitioner from serving as  
16 an employee of, or an assistant to, a certified public  
17 accountant or accounting practitioner, or partnership, or  
18 corporation, or limited liability company composed of  
19 certified public accountants or accounting practitioners,  
20 holding a permit to practice issued under section 542C.20, or  
21 a foreign accountant registered under section 542C.17;  
22 however, the employee or assistant shall not issue any  
23 accounting or financial statement over the employee's or  
24 assistant's name.

25 Sec. 11. Section 542C.31, unnumbered paragraph 2, Code  
26 1993, is amended to read as follows:

27 ~~No-such~~ A statement, record, schedule, working paper, or  
28 memoranda, shall not be sold, transferred or bequeathed,  
29 without the consent of the client or the client's personal  
30 representative or assignee, to anyone other than one or more  
31 surviving partners or new partners of the accountant or to the  
32 accountant's corporation or limited liability company.

33 EXPLANATION

34 This bill provides a definition of the practice of public  
35 accounting and makes changes in the public accountancy Act of

1 1974, chapter 542C, to enable certified public accountants and  
2 accounting practitioners to practice as limited liability  
3 companies under chapter 490A which have the limited liability  
4 characteristics of corporations and the tax characteristics of  
5 partnerships.

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HSB 50

STATE GOVERNMENT

*New*

HOUSE FILE

191

BY (PROPOSED COMMITTEE ON STATE  
GOVERNMENT BILL BY  
CHAIRPERSON CARPENTER)

*Drake  
Hanson  
Beatty*

Passed House, Date \_\_\_\_\_

Passed Senate, Date \_\_\_\_\_

Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_

Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_

Approved \_\_\_\_\_

A BILL FOR

1 An Act authorizing certified public accountants and accounting  
2 practitioners to practice as limited liability companies.  
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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1 Section 1. Section 542C.2, Code 1993, is amended by adding  
2 the following new unnumbered paragraph:

3 NEW UNNUMBERED PARAGRAPH. "Practice of public accounting"  
4 means the performance or the offering to perform, by a person  
5 holding oneself out to the public as a certified public  
6 accountant or accounting practitioner, one or more kinds of  
7 services involving the use of accounting or auditing skills,  
8 including the issuance of reports on financial statements, or  
9 of one of more kinds of management advisory, financial  
10 advisory, or consulting services, or the preparation of tax  
11 returns or the furnishing of advice on tax matters.

12 Sec. 2. Section 542C.3, subsection 7, Code 1993, is  
13 amended to read as follows:

14 7. The board may issue further rules and regulations,  
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16 pertaining to corporations or limited liability companies  
17 practicing public accounting, which it deems consistent with  
18 or required by the public welfare. The board may prescribe  
19 rules governing the style, name, and title of corporations and  
20 limited liability companies and governing the affiliation of  
21 corporations and limited liability companies with other  
22 organizations.

23 Regulations adopted by the board shall not be in conflict  
24 with the Iowa Professional-Corporation professional  
25 corporation Act, provided in chapter 496C or the limited  
26 liability company Act, provided in chapter 490A.

27 Sec. 3. Section 542C.6, subsection 1, paragraph a, Code  
28 1993, is amended to read as follows:

29 a. "Applicant" means an entity holding a permit to  
30 practice as a corporation, limited liability company, or  
31 partnership of certified public accountants issued pursuant to  
32 section 542C.20, subsection 3, or a person certified as a  
33 certified public accountant pursuant to section 542C.5 who  
34 practices as a sole proprietorship.

35 Sec. 4. Section 542C.18, unnumbered paragraphs 2 through

1 5, Code 1993, are amended to read as follows:

2 A corporation organized for the practice of public  
3 accounting shall register with the board as a corporation of  
4 certified public accountants or accounting practitioners. A  
5 limited liability company organized for the practice of public  
6 accounting shall register with the board as a limited  
7 liability company of certified public accountants or  
8 accounting practitioners.

9 Application for registration as a partnership, or  
10 corporation, or limited liability company shall be made upon  
11 the affidavit of a general partner of the partnership, or  
12 officer of the corporation, or manager of the limited  
13 liability company who is a certified public accountant or  
14 accounting practitioner of this state having a current permit  
15 to practice.

16 The board shall in each every case determine whether the  
17 applicant is eligible for registration.

18 A partnership, or corporation, or limited liability company  
19 which is so registered, and which holds a permit issued under  
20 section 542C.20, may use the words "certified public  
21 accountant" or the abbreviation "CPA" or "accounting  
22 practitioner" or the abbreviation "AP" in connection with its  
23 partnership, or corporation, or limited liability company  
24 name.

25 Sec. 5. Section 542C.19, unnumbered paragraphs 1 and 2,  
26 Code 1993, are amended to read as follows:

27 Each office established or maintained in this state for the  
28 practice of public accounting in this state by a certified  
29 public accountant, or partnership, or corporation, or limited  
30 liability company of certified public accountants, or by an  
31 accounting practitioner or partnership of accounting  
32 practitioners, or by a person registered under section  
33 542C.17, shall be registered annually under this chapter with  
34 the board, but no fee shall be charged for the registration.

35 Each such office shall be under the direct supervision of a

1 resident manager who may be either a member, principal,  
2 shareholder, or a staff employee holding a current permit  
3 under section 542C.20. The title or designation "certified  
4 public accountant" or the abbreviation "CPA" or "accounting  
5 practitioner" or the abbreviation "AP" shall not be used in  
6 connection with an office unless the resident manager is the  
7 holder of a certificate as a certified public accountant under  
8 section 542C.5, or a license as an accounting practitioner  
9 issued under section 542C.7 or 542C.8, and a permit issued  
10 under section 542C.20, both of which are in full force and  
11 effect.

12 Sec. 6. Section 542C.20, subsections 3 through 5, Code  
13 1993, are amended to read as follows:

14 3. Permits to engage in the practice of public accounting  
15 in this state shall also be issued by the board to persons,  
16 partnerships, and corporations, or limited liability companies  
17 registered under sections 542C.17 and 542C.18 if all offices  
18 of the registrant are maintained and registered as required  
19 under section 542C.19.

20 4. There shall be a permit fee in an amount to be  
21 determined by the board, payable by certified public  
22 accountants and accounting practitioners engaged in practice  
23 in this state. A fee shall not be charged for the renewal of  
24 a partnership, or corporation, or limited liability company  
25 permit to practice. All permits shall expire as determined by  
26 the board.

27 5. A person, firm, or corporation, or limited liability  
28 company shall not practice as a certified public accountant or  
29 accounting practitioner without a permit.

30 Sec. 7. Section 542C.22, Code 1993, is amended to read as  
31 follows:

32 542C.22 REVOCATION, SUSPENSION, AND REFUSAL TO RENEW  
33 REGISTRATION AND PERMIT OF PARTNERSHIP, OR CORPORATION, OR  
34 LIMITED LIABILITY COMPANY.

35 After notice and hearing as provided in section 542C.23,

1 the board shall revoke the registration and permit to practice  
2 of a partnership, or corporation, or limited liability company  
3 if at any time it does not possess the qualifications  
4 prescribed by the section of this chapter under which it  
5 qualified for registration.

6 After notice and hearing as provided in section 542C.23,  
7 the board may revoke or suspend the registration of a  
8 partnership, or corporation, or limited liability company, or  
9 may revoke, suspend, or refuse to renew its permit to practice  
10 or may censure the holder of any such permit for any of the  
11 following additional causes:

12 1. The revocation or suspension of the certificate,  
13 registration, or license or the revocation or suspension or  
14 refusal to renew the permit to practice of any member,  
15 partner, officer, or shareholder.

16 2. The cancellation, revocation, suspension, or refusal to  
17 renew the authority of the partnership, or corporation, or  
18 limited liability company, or any member, partner, officer, or  
19 shareholder thereof to practice public accounting in any other  
20 state for any cause other than failure to pay appropriate fees  
21 in such other state.

22 Sec. 8. Section 542C.23, subsection 4, Code 1993, is  
23 amended to read as follows:

24 4. At any hearing the accused may appear in person and by  
25 counsel, produce evidence and witnesses on behalf of the  
26 accused, cross-examine witnesses, and examine evidence which  
27 is produced against the accused. A corporation may be  
28 represented before the board by counsel, or by a shareholder  
29 who is a certified public accountant or accounting  
30 practitioner of this state in good standing. A limited  
31 liability company may be represented before the board by  
32 counsel, or by a member who is a certified public accountant  
33 or accounting practitioner of this state in good standing.

34 The accused is entitled, on application to the board, to the  
35 issuance of subpoenas to compel the attendance of witnesses on

1 behalf of the accused.

2 Sec. 9. Section 542C.25, subsections 2, 4, 6, 7, 9, and  
3 10, Code 1993, are amended to read as follows:

4 2. No A partnership, or corporation, or limited liability  
5 company shall not assume or use the title or designation  
6 "certified public accountant" or the abbreviation "CPA" or any  
7 other title, designation, words, letters, abbreviation, sign,  
8 card, or device tending to indicate that the partnership, or  
9 corporation, or limited liability company is composed of  
10 certified public accountants unless ~~the-partnership-or~~  
11 ~~corporation~~ it is registered as a partnership ~~of-certified~~  
12 ~~public-accountants,~~ corporation, or limited liability company  
13 under section 542C.18, holds a current permit issued under  
14 section 542C.20, and all offices of such partnership, or  
15 corporation, or limited liability company in this state for  
16 the practice of public accounting are maintained and are  
17 registered as required under section 542C.19.

18 4. A partnership, or corporation, or limited liability  
19 company shall not assume or use the title or designation  
20 "public accountant" or any other title, designation, words,  
21 letters, abbreviation, sign, card, or device tending to  
22 indicate that the partnership, or corporation, or limited  
23 liability company is composed of certified public accountants,  
24 unless the partnership, or corporation, or limited liability  
25 company is registered as a partnership, or corporation, or  
26 limited liability company of certified public accountants  
27 under section 542C.18.

28 6. No A partnership, or corporation, or limited liability  
29 company shall not assume or use the title or designation  
30 "accounting practitioner" or the abbreviation "AP" or any  
31 other title, designation, words, letters, abbreviation, sign,  
32 card, or device, tending to indicate that the partnership, or  
33 corporation, or limited liability company is composed of  
34 licensed accounting practitioners ~~unless-the~~ except as a  
35 partnership, or corporation, or limited liability company

1 under section 542C.18 holds holding a permit issued under  
2 section 542C.20, and all offices of the partnership, or  
3 corporation, or limited liability company in this state are  
4 maintained and are registered as required under section  
5 542C.19.

6 7. No A person, partnership, or corporation, or limited  
7 liability company shall not assume or use the title or  
8 designation "certified accountant", "chartered accountant",  
9 "enrolled accountant", "licensed accountant", "registered  
10 accountant", or any other title or designation likely to be  
11 confused with "certified public accountant" or "public  
12 accountant" or any of the abbreviations "CA", "PA", "EA",  
13 "RA", or "LA", or similar abbreviations, likely to be confused  
14 with "CPA". However, a foreign accountant registered under  
15 section 542C.17 may use the title under which the foreign  
16 accountant is generally known in the foreign accountant's  
17 country, followed by the name of the country from which the  
18 foreign accountant received the certificate, license, or  
19 degree. Nothing in this subsection shall prohibit the use of  
20 the title or designation "accountant" by persons other than  
21 those holding a current permit issued under section 542C.20.

22 9. No A person shall not sign or affix a partnership, or  
23 corporation, or limited liability company name to any opinion  
24 attesting to the reliability of any representation in regard  
25 to any person or organization embracing financial information  
26 or facts respecting compliance with conditions established by  
27 law or contract, including but not limited to statutes,  
28 ordinances, regulations, grants, loans and appropriations,  
29 unless except the name of a partnership, or corporation, or  
30 limited liability company holds holding a current permit  
31 issued under section 542C.20 and with all of its offices in  
32 this state for the practice of certified public accounting are  
33 maintained and registered as required under section 542C.19.

34 10. A person shall not assume or use the title or  
35 designation "certified public accountant" or "public

1 accountant" in conjunction with names indicating or implying  
2 that there is a partnership, or corporation, or limited  
3 liability company or in conjunction with the designation "and  
4 company", "and co.", or a similar designation, if in any such  
5 case, there is in fact no bona fide partnership, or  
6 corporation, or limited liability company registered under  
7 section 542C.18; however, a sole proprietor or partnership  
8 lawfully using such a title or designation on July 1, 1975,  
9 may continue to do so if the sole proprietor or partnership  
10 otherwise complies with the provisions of this chapter.

11 Sec. 10. Section 542C.26, Code 1993, is amended to read as  
12 follows:

13 542C.26 EMPLOYEES OF ACCOUNTANTS.

14 This chapter does not prohibit any person not a certified  
15 public accountant or accounting practitioner from serving as  
16 an employee of, or an assistant to, a certified public  
17 accountant or accounting practitioner, or partnership, or  
18 corporation, or limited liability company composed of  
19 certified public accountants or accounting practitioners,  
20 holding a permit to practice issued under section 542C.20, or  
21 a foreign accountant registered under section 542C.17;  
22 however, the employee or assistant shall not issue any  
23 accounting or financial statement over the employee's or  
24 assistant's name.

25 Sec. 11. Section 542C.31, unnumbered paragraph 2, Code  
26 1993, is amended to read as follows:

27 No-such A statement, record, schedule, working paper, or  
28 memoranda, shall not be sold, transferred or bequeathed,  
29 without the consent of the client or the client's personal  
30 representative or assignee, to anyone other than one or more  
31 surviving partners or new partners of the accountant or to the  
32 accountant's corporation or limited liability company.

33 EXPLANATION

34 This bill provides a definition of the practice of public  
35 accounting and makes changes in the public accountancy Act of

1 1974, chapter 542C, to enable certified public accountants and  
2 accounting practitioners to practice as limited liability  
3 companies under chapter 490A which have the limited liability  
4 characteristics of corporations and the tax characteristics of  
5 partnerships.

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HOUSE FILE 191

AN ACT

AUTHORIZING CERTIFIED PUBLIC ACCOUNTANTS AND ACCOUNTING  
PRACTITIONERS TO PRACTICE AS LIMITED LIABILITY  
COMPANIES.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

Section 1. Section 542C.2, Code 1993, is amended by adding the following new unnumbered paragraph:

NEW UNNUMBERED PARAGRAPH. "Practice of public accounting" means the performance or the offering to perform, by a person holding oneself out to the public as a certified public accountant or accounting practitioner, one or more kinds of services involving the use of accounting or auditing skills, including the issuance of reports on financial statements, or of one or more kinds of management advisory, financial advisory, or consulting services, or the preparation of tax returns or the furnishing of advice on tax matters.

Sec. 2. Section 542C.3, subsection 7, Code 1993, is amended to read as follows:

7. The board may issue further rules and regulations, including but not limited to rules of professional conduct, pertaining to corporations or limited liability companies practicing public accounting, which it deems consistent with or required by the public welfare. The board may prescribe rules governing the style, name, and title of corporations and limited liability companies and governing the affiliation of corporations and limited liability companies with other organizations.

Regulations adopted by the board shall not be in conflict with the Iowa Professional-Corporation professional corporation Act, provided in chapter 496C or the limited liability company Act, provided in chapter 490A.

Sec. 3. Section 542C.6, subsection 1, paragraph a, Code 1993, is amended to read as follows:

a. "Applicant" means an entity holding a permit to practice as a corporation, limited liability company, or partnership of certified public accountants issued pursuant to section 542C.20, subsection 3, or a person certified as a certified public accountant pursuant to section 542C.5 who practices as a sole proprietorship.

Sec. 4. Section 542C.18, unnumbered paragraphs 2 through 5, Code 1993, are amended to read as follows:

A corporation organized for the practice of public accounting shall register with the board as a corporation of certified public accountants or accounting practitioners. A limited liability company organized for the practice of public accounting shall register with the board as a limited liability company of certified public accountants or accounting practitioners.

Application for registration as a partnership, or corporation, or limited liability company shall be made upon the affidavit of a general partner of the partnership, or officer of the corporation, or manager of the limited liability company who is a certified public accountant or accounting practitioner of this state having a current permit to practice.

The board shall in each every case determine whether the applicant is eligible for registration.

A partnership, or corporation, or limited liability company which is so registered, and which holds a permit issued under section 542C.20, may use the words "certified public accountant" or the abbreviation "CPA" or "accounting practitioner" or the abbreviation "AP" in connection with its partnership, or corporation, or limited liability company name.

Sec. 5. Section 542C.19, unnumbered paragraphs 1 and 2, Code 1993, are amended to read as follows:

Each office established or maintained in this state for the practice of public accounting in this state by a certified public accountant, or partnership, or corporation, or limited liability company of certified public accountants, or by an accounting practitioner or partnership of accounting practitioners, or by a person registered under section 542C.17, shall be registered annually under this chapter with the board, but no fee shall be charged for the registration.

Each such office shall be under the direct supervision of a resident manager who may be either a member, principal, shareholder, or a staff employee holding a current permit under section 542C.20. The title or designation "certified public accountant" or the abbreviation "CPA" or "accounting practitioner" or the abbreviation "AP" shall not be used in connection with an office unless the resident manager is the holder of a certificate as a certified public accountant under section 542C.5, or a license as an accounting practitioner issued under section 542C.7 or 542C.8, and a permit issued under section 542C.20, both of which are in full force and effect.

Sec. 6. Section 542C.20, subsections 3 through 5, Code 1993, are amended to read as follows:

3. Permits to engage in the practice of public accounting in this state shall also be issued by the board to persons, partnerships, and corporations, or limited liability companies registered under sections 542C.17 and 542C.18 if all offices of the registrant are maintained and registered as required under section 542C.19.

4. There shall be a permit fee in an amount to be determined by the board, payable by certified public accountants and accounting practitioners engaged in practice in this state. A fee shall not be charged for the renewal of a partnership, or corporation, or limited liability company permit to practice. All permits shall expire as determined by the board.

5. A person, firm, or corporation, or limited liability company shall not practice as a certified public accountant or accounting practitioner without a permit.

Sec. 7. Section 542C.22, Code 1993, is amended to read as follows:

542C.22 REVOCATION, SUSPENSION, AND REFUSAL TO RENEW REGISTRATION AND PERMIT OF PARTNERSHIP, OR CORPORATION, OR LIMITED LIABILITY COMPANY.

After notice and hearing as provided in section 542C.23, the board shall revoke the registration and permit to practice of a partnership, or corporation, or limited liability company if at any time it does not possess the qualifications prescribed by the section of this chapter under which it qualified for registration.

After notice and hearing as provided in section 542C.23, the board may revoke or suspend the registration of a partnership, or corporation, or limited liability company, or may revoke, suspend, or refuse to renew its permit to practice or may censure the holder of any such permit for any of the following additional causes:

1. The revocation or suspension of the certificate, registration, or license or the revocation or suspension or refusal to renew the permit to practice of any member, partner, officer, or shareholder.
2. The cancellation, revocation, suspension, or refusal to renew the authority of the partnership, or corporation, or limited liability company, or any member, partner, officer, or shareholder thereof to practice public accounting in any other state for any cause other than failure to pay appropriate fees in such other state.

Sec. 8. Section 542C.23, subsection 4, Code 1993, is amended to read as follows:

4. At any hearing the accused may appear in person and by counsel, produce evidence and witnesses on behalf of the accused, cross-examine witnesses, and examine evidence which

is produced against the accused. A corporation may be represented before the board by counsel, or by a shareholder who is a certified public accountant or accounting practitioner of this state in good standing. A limited liability company may be represented before the board by counsel, or by a member who is a certified public accountant or accounting practitioner of this state in good standing. The accused is entitled, on application to the board, to the issuance of subpoenas to compel the attendance of witnesses on behalf of the accused.

Sec. 9. Section 542C.25, subsections 2, 4, 6, 7, 9, and 10, Code 1993, are amended to read as follows:

2. No A partnership, or corporation, or limited liability company shall not assume or use the title or designation "certified public accountant" or the abbreviation "CPA" or any other title, designation, words, letters, abbreviation, sign, card, or device tending to indicate that the partnership, or corporation, or limited liability company is composed of certified public accountants unless the partnership or corporation it is registered as a partnership of certified public accountants, corporation, or limited liability company under section 542C.18, holds a current permit issued under section 542C.20, and all offices of such partnership, or corporation, or limited liability company in this state for the practice of public accounting are maintained and are registered as required under section 542C.19.

4. A partnership, or corporation, or limited liability company shall not 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 the partnership, or corporation, or limited liability company is composed of certified public accountants, unless the partnership, or corporation, or limited liability company is registered as a partnership, or corporation, or limited liability company of certified public accountants under section 542C.18.

6. No A partnership, or corporation, or limited liability company shall not assume or use the title or designation "accounting practitioner" or the abbreviation "AP" or any other title, designation, words, letters, abbreviation, sign, card, or device, tending to indicate that the partnership, or corporation, or limited liability company is composed of licensed accounting practitioners unless the except as a partnership, or corporation, or limited liability company under section 542C.18 holds holding a permit issued under section 542C.20, and all offices of the partnership, or corporation, or limited liability company in this state are maintained and are registered as required under section 542C.19.

7. No A person, partnership, or corporation, or limited liability company shall not assume or use the title or designation "certified accountant", "chartered accountant", "enrolled accountant", "licensed accountant", "registered accountant", or any other title or designation likely to be confused with "certified public accountant" or "public accountant" or any of the abbreviations "CA", "PA", "EA", "RA", or "LA", or similar abbreviations, likely to be confused with "CPA". However, a foreign accountant registered under section 542C.17 may use the title under which the foreign accountant is generally known in the foreign accountant's country, followed by the name of the country from which the foreign accountant received the certificate, license, or degree. Nothing in this subsection shall prohibit the use of the title or designation "accountant" by persons other than those holding a current permit issued under section 542C.20.

9. No A person shall not sign or affix a partnership, or corporation, or limited liability company name to any opinion attesting to the reliability of any representation 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, unless except the name of a partnership, or corporation, or limited liability company holds holding a current permit issued under section 542C.20 and with all of its offices in this state for the practice of certified public accounting are maintained and registered as required under section 542C.19.

10. A person shall not assume or use the title or designation "certified public accountant" or "public accountant" in conjunction with names indicating or implying that there is a partnership, or corporation, or limited liability company or in conjunction with the designation "and company", "and co.", or a similar designation, if in any such case, there is in fact no bona fide partnership, or corporation, or limited liability company registered under section 542C.18; however, a sole proprietor or partnership lawfully using such a title or designation on July 1, 1975, may continue to do so if the sole proprietor or partnership otherwise complies with the provisions of this chapter.

Sec. 10. Section 542C.26, Code 1993, is amended to read as follows:

542C.26 EMPLOYEES OF ACCOUNTANTS.

This chapter does not prohibit any person not a certified public accountant or accounting practitioner from serving as an employee of, or an assistant to, a certified public accountant or accounting practitioner, or partnership, or corporation, or limited liability company composed of certified public accountants or accounting practitioners, holding a permit to practice issued under section 542C.20, or a foreign accountant registered under section 542C.17; however, the employee or assistant shall not issue any accounting or financial statement over the employee's or assistant's name.

Sec. 11. Section 542C.31, unnumbered paragraph 2, Code 1993, is amended to read as follows:

No such A statement, record, schedule, working paper, or memoranda, shall not be sold, transferred or bequeathed, without the consent of the client or the client's personal representative or assignee, to anyone other than one or more surviving partners or new partners of the accountant or to the accountant's corporation or limited liability company.

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HAROLD VAN MAANEN  
Speaker of the House

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LEONARD L. BOSWELL  
President of the Senate

I hereby certify that this bill originated in the House and is known as House File 191, Seventy-fifth General Assembly.

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ELIZABETH ISAACSON  
Chief Clerk of the House

Approved *April 5*, 1993

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TERRY E. BRANSTAD  
Governor