

As Amended by House Committee

Session of 2011

HOUSE BILL No. 2124

By Representative Cassidy

1-28

1 AN ACT concerning certified public accountants; relating to  
2 **professional** corporations practicing in partnership; amending  
3 K.S.A. 2010 Supp. 1-308 and repealing the existing section.  
4

5 *Be it enacted by the Legislature of the State of Kansas:*

6 Section 1. K.S.A. 2010 Supp. 1-308 is hereby amended to read as  
7 follows: 1-308. (a) Unless exempt from registration pursuant to this  
8 section, a firm may engage in the practice of certified public  
9 accountancy in this state only if the firm registers with the board,  
10 complies with requirements established by rules and regulations  
11 adopted by the board for such registration, and meets the following  
12 requirements:

13 (1) At least one general partner, shareholder or member thereof  
14 must be a certified public accountant holding a valid permit to practice  
15 from this state or a practice privilege under subsection (a) of K.S.A. 1-  
16 322, and amendments thereto;

17 (2) each partner, shareholder or member who is a certified public  
18 accountant and whose principal place of business is in this state and  
19 who is personally engaged within this state in a practice of certified  
20 public accounting must be a certified public accountant of this state  
21 holding a valid permit to practice;

22 (3) each partner, shareholder or member who is a certified public  
23 accountant thereof must be a certified public accountant in some state  
24 in good standing;

25 (4) each resident manager in charge of an office of the firm in this  
26 state must be a certified public accountant of this state holding a valid  
27 permit to practice; and

28 (5) at least a simple majority of the ownership of the firm, in the  
29 terms of equity capital and voting rights of all partners, shareholders or  
30 members, belongs to the holders of valid licenses to practice as  
31 certified public accountants in some state. All nonlicensee owners must  
32 be of good moral character and must be natural persons actively  
33 participating in the business of the firm or actively participating in the

1 business of entities, such as partnerships, corporations or other business  
2 associations, that are affiliated with the firm. Although firms may  
3 include nonlicensee owners there shall be at least one certified public  
4 accountant who has ultimate responsibility for all the services provided  
5 by the firm and, the firm and its ownership must comply with rules and  
6 regulations promulgated by the board. Any firm which is denied  
7 registration pursuant to this section shall be entitled to notice and an  
8 opportunity to be heard pursuant to the Kansas administrative  
9 procedures act.

10 (b) Notwithstanding any other provision of Kansas law, the  
11 following must be registered by the board:

12 (1) Any firm with an office in this state which practices certified  
13 public accountancy; *and*

14 (2) any firm that does not have an office in this state but performs  
15 or offers to perform attest services described in subsection (d) of  
16 K.S.A. 1-321, and amendments thereto, for a client having its home  
17 office in this state;

18 (c) A firm which is not subject to subsection (b) may perform or  
19 offer to perform services described in subsection (s) of K.S.A. 1-321,  
20 and amendments thereto, and may use the "certified public accountant,"  
21 "CPA" or "CPA firm" without registering with the board only if:

22 (1) The individuals performing such services on behalf of the firm  
23 have the qualifications described in subsections (b) and (c) of K.S.A. 1-  
24 302b, and amendments thereto;

25 (2) it performs such services through an individual with practice  
26 privileges under K.S.A. 1-322, and amendments thereto; and

27 (3) it can lawfully perform such services in the state where such  
28 individuals with practice privileges have their principal place of  
29 business.

30 (d) An individual who has practice privileges under subsection (a)  
31 of K.S.A. 1-322, and amendments thereto, who performs or offers to  
32 perform services for which a firm registration is required under this  
33 section shall not be required to obtain a certificate or permit under  
34 K.S.A. 1-310, and amendments thereto.

35 (e) *Nothing in this section shall prohibit* a professional corporation  
36 *from practicing* in partnership with one or more **professional**  
37 corporations or individuals ~~shall not be and being~~ registered with the  
38 board as a partnership ~~unless such a partnership was registered prior to~~  
39 ~~January 1, 2007~~ *under this section.*

1 (f) The term "resident" as used in this section, shall include a  
2 person engaged in practice as a certified public accountant in this state,  
3 who spends all or the greater part of such person's time during business  
4 hours in this state, but who resides in another state.

5 (g) Each firm required to register under this section shall register  
6 prior to engaging in the practice of certified public accountancy in this  
7 state and shall renew the firm's registration by December 31 of each  
8 year. Each firm shall designate a permit holder of this state, or in the  
9 case of a firm which must register pursuant to paragraph (2) of  
10 subsection (b) a licensee of another state who meets the requirements  
11 set out in subsection (a) of K.S.A. 1-322, and amendments thereto, who  
12 is responsible for the proper registration of the firm and shall identify  
13 that individual to the board by affidavit of a general partner, manager or  
14 officer of the firm. A fee may be charged for the registration of a firm.

15 (h) A firm that is not registered in accordance with this section or  
16 not exempt from registration under subsection (c) shall not use the  
17 words "certified public accountants" or the abbreviation CPA in  
18 connection with its name. Notification shall be given the board, within  
19 one month, after the admission or withdrawal of a partner, shareholder  
20 or member from any registered firm. Firms which fall out of  
21 compliance with the provisions of this section due to changes in firm  
22 ownership or personnel shall take corrective action to bring the firm  
23 back into compliance as quickly as possible. The board may grant a  
24 reasonable period of time for a firm to take such corrective action.  
25 Failure to bring the firm back into compliance within a reasonable  
26 period as determined by the board will result in the suspension or  
27 revocation of the firm permit.

28 (i) Any firm prohibited from practicing certified public  
29 accountancy in this state, as a result of having a firm registration  
30 revoked or suspended by the board, shall not practice under subsection  
31 (c) without first obtaining the approval of the board.

32 Sec. 2. K.S.A. 2010 Supp. 1-308 is hereby repealed.

33 Sec. 3. This act shall take effect and be in force from and after its  
34 publication in the statute book.

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