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**ASSEMBLY:** No

**SENATE:** Yes

Identical to Senate Statement for A3536

**FLOOR AMENDMENT STATEMENTS:** No

**LEGISLATIVE FISCAL ESTIMATE:** No

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# ASSEMBLY, No. 3536

## STATE OF NEW JERSEY 209th LEGISLATURE

INTRODUCED MAY 17, 2001

**Sponsored by:**

**Assemblyman JAMES W. HOLZAPFEL**

**District 10 (Monmouth and Ocean)**

**Assemblyman ANTHONY IMPREVEDUTO**

**District 32 (Bergen and Hudson)**

**Co-Sponsored by:**

**Senators Inverso and Turner**

**SYNOPSIS**

Modifies requirements to be licensed as a certified public accountant.

**CURRENT VERSION OF TEXT**

As introduced.



**(Sponsorship Updated As Of: 6/29/2001)**

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2

1 AN ACT concerning the practice of public accountancy and amending  
2 P.L.1997, c.259 and P.L.1999, c.215.

3

4 **BE IT ENACTED** by the Senate and General Assembly of the State  
5 of New Jersey:

6

7 1. Section 3 of P.L.1997, c.259 (C.45:2B-44) is amended to read  
8 as follows:

9 3. As used in this act:

10 "Attest" means providing any of the following financial statement  
11 services: **[an] any** audit or other engagement to be performed in  
12 accordance with the Statements on Auditing Standards (SAS); **[a] any**  
13 review of a financial statement **[or compilation of a financial**  
14 **statement]** to be performed in accordance with the Statements on  
15 Standards for Accounting and Review Services (SSARS); or **[an] any**  
16 examination of prospective financial information to be performed in  
17 accordance with the Statements on Standards for Attestation  
18 Engagements (SSAE). The statements on standards specified herein  
19 shall be adopted by regulation by the board and shall be in accordance  
20 with standards developed for general application by recognized  
21 national accountancy organizations such as the American Institute of  
22 Certified Public Accountants.

23 "Board" means the New Jersey State Board of Accountancy.

24 "Compilation" means providing a service, to be performed in  
25 accordance with Statements on Standards for Accounting and Review  
26 Services (SSARS), by presenting, in the form of financial statements,  
27 information that is the representation of management or owners  
28 without undertaking to express any assurance on the statements.

29 "Financial statements" means statements and related footnotes that  
30 purport to present an actual or a prospective financial position at a  
31 particular time, or results of operations, cash flow, or changes in  
32 financial position for a period of time, in conformity with generally  
33 accepted accounting principles or another comprehensive basis of  
34 accounting. The term includes specific elements, accounts or items of  
35 such statements, but does not include: incidental financial data  
36 included in management advisory service reports to support  
37 recommendations to a client; or tax returns and supporting schedules.

38 "Firm" means a sole proprietorship, a professional corporation, a  
39 partnership, a limited liability company, a limited liability partnership,  
40 or any other lawful form of business organization.

41 "License" means a license or registration issued to an individual or  
42 firm permitting the individual or firm to practice public accountancy.

**EXPLANATION - Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted in the law.**

**Matter underlined thus is new matter.**

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1 "Licensee" means the holder of a license issued pursuant to this act.

2 "Manager" means a manager of a limited liability company.

3 "Member" means a member of a limited liability company.

4 "Nonlicensee" means a person not licensed as a certified public  
5 accountant or a public accountant of any state or possession of the  
6 United States or the District of Columbia.

7 "Owner of a firm" means any person with an equity or equivalent  
8 interest in a firm, such as a shareholder with respect to a corporation  
9 or a partner with respect to a partnership, or an individual with respect  
10 to a sole proprietorship.

11 "Practice of public accountancy" [or "practicing public  
12 accountancy"] means the performance or the offering to perform attest  
13 services for a client or potential client, by a [person] licensee or  
14 registered firm [holding itself out to the public for a client or potential  
15 client or]. The "practice of public accountancy" also means the  
16 performance [as] or the offering to perform by a licensee of one or  
17 more of the following: a compilation of a financial statement to be  
18 performed in accordance with SSARS, management advisory, financial  
19 advisory or consulting services, or the preparation of tax returns or the  
20 furnishing of advice on tax matters. [A compilation to be performed  
21 in accordance with SSARS shall be allowed on or after the 180th day  
22 following the effective date of this amendatory and supplementary  
23 act.]

24 "Practice unit" means any office of a firm registered with the board  
25 to engage in the practice of public accountancy in the State of New  
26 Jersey.

27 "Quality review" means a study, appraisal or review of one or more  
28 aspects of the professional work of a [person] licensee or registered  
29 firm [in the practice of public accountancy] that performs attest or  
30 compilation services, by a person who is a certified public accountant  
31 or public accountant and who is not affiliated with the [person]  
32 licensee or registered firm being reviewed.

33 "Report" when used with reference to financial statements, means  
34 an opinion, report, or other form of language that states or implies  
35 assurance as to the reliability of any financial statement and that also  
36 includes or is accompanied by any statement or implication that the  
37 person or firm issuing it has special knowledge or competence in  
38 accounting or auditing [, such as a statement or implication of special  
39 knowledge or competence in accounting or auditing]. Such a  
40 statement or implication of special knowledge or competence may  
41 arise from use by the issuer of the report of names or titles indicating  
42 that the person or firm is an accountant or auditor, or from the  
43 language of the report itself. The term "report" includes any form of  
44 language which disclaims an opinion when that form of language is  
45 conventionally understood to imply any positive assurance as to the

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1 reliability of the financial statement referred to or special competence  
2 on the part of the person or firm issuing that language, or both; and it  
3 includes any other form of language that is conventionally understood  
4 to imply that assurance or that special knowledge or competence, or  
5 both.

6 (cf: P.L.1999, c.215, s.1)

7

8 2. Section 5 of P.L.1997, c.259 (C.45:2B-46) is amended to read  
9 as follows:

10 5. The board shall consist of 12 members, seven of whom shall  
11 have been engaged in practice as certified public accountants and two  
12 of whom shall have been engaged in practice as public accountants in  
13 this State, two of whom shall be public members and one of whom  
14 shall be a State executive department member. Each certified public  
15 accountant board member and public accountant board member shall  
16 maintain an active license in New Jersey during his term of service on  
17 the board. Each certified public accountant member, public  
18 accountant member, and public member shall be appointed by the  
19 Governor for a term of three years and shall hold office until  
20 reappointed or a successor is appointed and qualified. Any vacancy on  
21 the board shall be filled by the Governor for the unexpired term only.

22 The public members and the State executive department member  
23 shall be appointed by the Governor in accordance with and subject to  
24 the provisions of P.L.1971, c.60 (C.45:1-2.1 et seq.).

25 Except for the State executive department member, no member may  
26 serve more than two successive terms in addition to any unexpired  
27 term to which he has been appointed, except that any member who has  
28 served two such successive terms may be reappointed after an  
29 intervening period of one year.

30 The Governor may remove any member of the board, other than the  
31 State executive department member, for cause, upon notice and  
32 opportunity to be heard.

33 (cf: P.L.1997, c.259, s.5)

34

35 3. Section 8 of P.L.1997, c.259 (C.45:2B-49) is amended to read  
36 as follows:

37 8. Every applicant for examination for licensure as a certified  
38 public accountant shall present to the board a written application on  
39 a form to be provided by the board, together with the required fee, and  
40 satisfactory proof of the following:

41 a. That the applicant is at least 18 years of age;

42 b. That the applicant is of good moral character; and

43 c. **[(1)]** That the applicant has **[a baccalaureate degree or its**  
44 **equivalent from an institution of higher education acceptable to the**  
45 **board, including such courses in accounting and related professional**  
46 **courses that the board may require by regulation;**

1 (2) After July 1, 2000 and according to regulations established by  
2 the board, that the applicant has] at least 150 semester hours of  
3 education [or its equivalent], including a baccalaureate or higher  
4 degree or its equivalent, from an institution of higher education  
5 accredited by a regional accrediting agency recognized by the  
6 Commission on Higher Education. The educational program shall  
7 include a concentration in accounting or its equivalent and related  
8 professional courses as determined by regulation of the board.

9 Notwithstanding the provisions of subsection c. of this section, an  
10 applicant who applies prior to July 1, 2005 shall qualify for  
11 examination for licensure if he has a baccalaureate degree or its  
12 equivalent from an institution of higher education acceptable to the  
13 board; provided, however, that no applicant shall be issued a license  
14 unless he has successfully completed at least the 150 semester hours  
15 of education required pursuant to subsection c. of this section.

16 (cf: P.L.1997, c.259, s.8)

17  
18 4. Section 12 of P.L.1997, c.259 (C.45:2B-53) is amended to read  
19 as follows:

20 12. a. The board may waive the examination of, and issue a license  
21 to, any person who is of good moral character, and who, at the time  
22 of his application, holds a valid and unrevoked license as a certified  
23 public accountant issued by or under the authority of any state or  
24 possession of the United States or the District of Columbia which has  
25 education, experience, examination and re-examination requirements  
26 which are substantially equivalent to the requirements of this act and  
27 the regulations promulgated pursuant to this act for the issuance of a  
28 license as a certified public accountant.

29 b. The board may waive the examination of, and issue a license to,  
30 an applicant who within 10 years immediately preceding the date of  
31 application has held a valid and unrevoked license as a certified public  
32 accountant issued by or under the authority of any state or possession  
33 of the United States or the District of Columbia, and who has had  
34 four years of experience outside of this State [in the practice of public  
35 accountancy that is deemed satisfactory to the board] of the type  
36 described in subsection a. of section 10 of P.L.1997, c. 259 (C.45:2B-  
37 51), or meets equivalent requirements prescribed by the board by  
38 regulation, after passing the examination upon which the applicant's  
39 license was based with grades that would have been passing grades at  
40 the time in this State. If an applicant's certificate, license or permit  
41 was issued no less than [three] six years prior to the application for  
42 issuance of an initial license under this section, that applicant shall  
43 have also fulfilled the requirements of continuing professional  
44 education that would have been applicable under the rules of this State  
45 to be eligible for licensure under the provisions of [this] subsection a.  
46 of section 27 of P.L.1997, c.259 (C.45:2B-68).

1 c. The board shall issue a license as a certified public accountant  
2 to a holder of a foreign designation, granted in a foreign country  
3 entitling the holder thereof to engage in the practice of public  
4 accountancy if:

5 (1) The foreign authority which granted the designation makes  
6 similar provision to allow a person who holds a valid license issued by  
7 this State to obtain that foreign authority's comparable designation;  
8 and

9 (2) The foreign designation:

10 (a) was duly issued by a foreign authority that regulates the  
11 practice of public accountancy and the foreign designation has not  
12 expired or been revoked or suspended;

13 (b) entitles the holder to issue reports upon a financial statement;  
14 and

15 (c) was issued upon the basis of educational, examination, and  
16 experience requirements established by the foreign authority or by law;  
17 and

18 (3) The applicant:

19 (a) received the designation, based on educational and examination  
20 standards substantially equivalent to those in effect in this State, at the  
21 time the foreign designation was granted;

22 (b) completed an experience requirement, substantially equivalent  
23 to the requirement set out in section 10 of this act, in the jurisdiction  
24 which granted the foreign designation, or has completed ~~five~~ four  
25 years of experience [in the practice of public accountancy in this  
26 State] of the type described in subsection a. of section 10 of P.L.1997,  
27 c.259 (C.45:2B-51); or meets equivalent requirements prescribed by  
28 the board, within the 10 years immediately preceding the application;  
29 and

30 (c) passed a uniform qualifying examination in national standards  
31 acceptable to the board and an examination on the laws, regulations  
32 and code of ethical conduct in effect in this State.

33 An applicant seeking licensure under this subsection shall in the  
34 application list all jurisdictions, foreign and domestic, in which the  
35 applicant has applied for or holds a designation to practice public  
36 accountancy, and each holder of a license issued under this subsection  
37 shall notify the board in writing, within thirty days after its occurrence,  
38 of any issuance, denial, revocation or suspension of a designation or  
39 commencement of a disciplinary or enforcement action by any  
40 jurisdiction.

41 (cf: P.L.1997, c.259, s.12)

42

43 5. Section 13 of P.L.1997, c.259 (C.45:2B-54) is amended to read  
44 as follows:

45 13. a. A firm engaged in this State in the practice of attest services  
46 shall be required to register with the board as a firm of certified public



1 accountants [and] . A firm engaged in the practice of public  
2 accountancy, but not performing attest services, shall be eligible to  
3 register with the board as a firm of certified public accountants. In  
4 either case, the firm shall meet the following requirements:

5 (1) At least one owner of the firm shall be a certified public  
6 accountant in good standing, and licensed to practice public  
7 accountancy in this State;

8 (2) Each owner of the firm, other than a nonlicensee, shall be a  
9 certified public accountant of any state or possession of the United  
10 States or the District of Columbia in good standing, and licensed to  
11 practice public accountancy where licensed;

12 (3) There shall be a certified public accountant in the firm who has  
13 ultimate responsibility for each attest engagement. On all firm  
14 applications and renewal forms, a licensee shall be designated as  
15 responsible and in charge of all professional matters relating to the  
16 practice of accountancy by the registered firm. Each resident manager  
17 in charge of a practice unit of a firm in this State and each owner  
18 thereof, other than a nonlicensee, personally engaged within this State  
19 in the practice of public accountancy shall be a certified public  
20 accountant in good standing, and licensed to practice public  
21 accountancy in this State.

22 b. Application for registration of a firm shall be made upon the  
23 affidavit of an owner of the firm who is a certified public accountant  
24 in good standing and licensed to practice public accountancy in this  
25 State. The board shall in each case determine whether the applicant  
26 is eligible for registration. A firm which is so registered may use the  
27 words "certified public accountant" or the abbreviation "CPAs" in  
28 connection with its firm name. Notification shall be given to the board  
29 within 90 days after admission or withdrawal of an owner licensed and  
30 practicing in this State from any firm so registered.

31 (cf: P.L.1999, c.215, s.2)

32  
33 6. Section 5 of P.L.1999, c.215 (C.45:2B-54.1) is amended to read  
34 as follows:

35 5. a. A firm [lawfully engaged in this State in the practice of  
36 public accountancy] registered under P.L 1997, c.259 (C.45:2B-42 et  
37 seq.) as a firm of certified public accountants or public accountants  
38 may have owners who are not licensed as certified public accountants  
39 or public accountants if it meets the following requirements:

40 (1) Nonlicensee owners shall be natural persons or entities,  
41 including, but not limited to, partnerships and professional  
42 corporations, provided that each ultimate beneficial owner of an equity  
43 interest in that entity shall be a natural person materially participating  
44 in the business conducted by the firm or entity affiliated with the firm;

45 (2) The ownership interest of nonlicensee owners shall revert to  
46 the firm upon the cessation of any material participation by the

1 nonlicensee owner in the business conducted by the firm or entity;

2 (3) Persons who are licensed to practice public accountancy in any  
3 state or possession of the United States or the District of Columbia  
4 shall in the aggregate, directly or beneficially, comprise not less than  
5 half of the owners, hold more than half of the equity capital, and  
6 possess majority voting rights of the firm; and

7 (4) Nonlicensee owners shall not hold themselves out as certified  
8 public accountants or public accountants.

9 [A financial services corporation the voting stock of which is  
10 traded on a recognized exchange or over the counter, may use the  
11 truthful fact in advertising that the firm employs certified public  
12 accountants.]

13 b. Except as otherwise permitted by the board, a person shall not  
14 become a nonlicensee owner or remain a nonlicensee owner if the  
15 person has:

16 (1) Been convicted of any crime, an element of which is dishonesty  
17 or fraud, under the laws of this State or any other state, of the United  
18 States, or of any other jurisdiction. A conviction includes the initial  
19 plea, verdict, or finding of guilty, pleas of no contest, or  
20 pronouncement of sentence by a trial court, notwithstanding that  
21 conviction may not be final or sentence actually imposed until appeals  
22 are exhausted;

23 (2) Had a professional license or the right to practice revoked or  
24 suspended for reasons other than nonpayment of fees, or has  
25 voluntarily surrendered a license or right to practice with disciplinary  
26 charges or a disciplinary investigation pending, which license or right  
27 to practice has not been reinstated by a licensing agency of this State  
28 or any other state, of the United States, or of any other jurisdiction;

29 (3) Been in violation of P.L.1997, c.259 (C.45:2B-42 et seq.) or  
30 any regulation promulgated by the board under that act.

31 c. A nonlicensee owner of a licensed firm shall report to the board  
32 in writing of the occurrence of any of the events set forth in subsection  
33 b. of this section within 30 days of the date the nonlicensee owner has  
34 knowledge of the event. The report shall identify the event by the  
35 name of the agency or court, the title of the matter, the docket  
36 number, and the date of occurrence of the event.

37 (cf: P.L.1999, c.215, s.5)

38

39 7. Section 14 of P.L.1997, c.259 (C.45:2B-55) is amended to read  
40 as follows:

41 14. a. A firm engaged in this State in the practice of [public  
42 accountancy] attest services shall be [eligible] required to register  
43 with the board as a firm of public accountants [if it meets] . A firm  
44 engaged in the practice of public accountancy, but not performing  
45 attest services, shall be eligible to register with the board as a firm of  
46 public accountants. In either case, the firm shall meet the following

1 requirements:

2 (1) At least one owner of a firm shall be a public accountant or  
3 certified public accountant in good standing, and licensed to practice  
4 public accountancy in this State;

5 (2) Each owner of the firm, other than a nonlicensee, shall be a  
6 public accountant or certified public accountant of any state or  
7 possession of the United States or the District of Columbia in good  
8 standing, and licensed to practice public accountancy where licensed  
9 [, except that nothing in this section shall preclude a certified public  
10 accountant from being an owner of a firm of public accountants];

11 (3) There shall be a public accountant or certified public  
12 accountant in the firm who has ultimate responsibility for each attest  
13 engagement. On all firm applications and renewal forms, a licensee  
14 shall be designated as responsible and in charge of all professional  
15 matters relating to the practice of accountancy by the registered firm.  
16 Each resident manager in charge of a practice unit of a firm in this  
17 State and each owner thereof, other than a nonlicensee, personally  
18 engaged within this State in the practice of public accounting shall be  
19 a public accountant or a certified public accountant of this State in  
20 good standing and licensed to practice public accountancy in this  
21 State.

22 b. Application for registration of a firm shall be made upon the  
23 affidavit of an owner of the firm who is a public accountant or certified  
24 public accountant of this State in good standing and licensed to  
25 practice public accountancy in this State. The board shall in each case  
26 determine whether the applicant is eligible for registration. A firm  
27 which is so registered may use the words "public accountant" or the  
28 abbreviation "PAs" in connection with its firm name. Notification shall  
29 be given to the board within 90 days after admission or withdrawal of  
30 an owner licensed and practicing in this State from any firm so  
31 registered.

32 (cf: P.L.1999, c.215, s.3)

33

34 8. Section 21 of P.L.1997, c.259 (C.45:2B-62) is amended to read  
35 as follows:

36 21. a. No person shall use or assume the title or designation  
37 "certified public accountant," or the abbreviation "CPA" or any other  
38 title, designation, words, letters, abbreviation, sign, card, or device  
39 tending to indicate that the person is a certified public accountant  
40 unless that person holds a current license as a certified public  
41 accountant under this act.

42 b. No firm shall [assume or] use or assume the title or designation  
43 "certified public accountant," or the abbreviation "CPA," unless  
44 otherwise provided for by law, or any other title, designation, words,  
45 letters, abbreviation, sign, card, or device tending to indicate that the  
46 firm is composed of certified public accountants, unless the firm holds

1 a **[valid]** current registration issued under this act **[**, except that a  
2 financial services firm, the voting stock of which is traded on a  
3 recognized exchange or over the counter, shall not, solely by reason  
4 of any of its duly licensed employees holding themselves out as  
5 "certified public accountants," be deemed to be holding itself out as a  
6 firm of "certified public accountants"]

7 c. No **[individual]** person shall **[assume or]** use or assume the title  
8 or designation "public accountant," or the abbreviation "PA," or any  
9 other title, designation, words, letters, abbreviation, sign, card, or  
10 device tending to indicate that the person is a public accountant unless  
11 that **[individual]** person holds a **[valid registration]** current license as  
12 a public accountant **[as provided]** under this act.

13 d. No firm shall **[assume or]** use or assume the title or designation  
14 "public accountant," or the abbreviation "PA," unless otherwise  
15 provided for by law, or any other title, designation, words, letters,  
16 abbreviation, sign, card, or device tending to indicate that the firm is  
17 composed of public accountants, unless the firm holds a **[valid]**  
18 current registration issued under this act.

19 e. No person or firm shall **[assume or]** use or assume the title or  
20 designation "certified accountant," "chartered accountant," enrolled  
21 accountant," "licensed accountant," "registered accountant,"  
22 "accredited accountant," or any other title or designation likely to be  
23 confused with the titles "certified public accountant" or "public  
24 accountant," or use any of the abbreviations "CA," "LA," "RA," "AA,"  
25 or similar abbreviations likely to be confused with the abbreviations  
26 "CPA" or "PA," unless that person or firm holds a **[valid]** current  
27 license or registration issued under this act.

28 f. No person or firm shall **[assume or]** use or assume the title  
29 "enrolled agent" or "EA," unless so designated by the Internal Revenue  
30 Service.

31 g. No person or firm shall **[assume or]** use or assume any title or  
32 designation that includes the words "accountant," "auditor," or  
33 "accounting" in connection with any other language, including the  
34 language of a report, that implies that the person or firm holds such a  
35 certificate, permit, or registration or has special competence as an  
36 accountant or auditor, unless that person or firm holds a **[valid]**  
37 current license or registration issued under this act, except that this  
38 subsection shall not prohibit any officer, partner, member, manager, or  
39 employee of any firm or organization from affixing that person's own  
40 signature to any statement in reference to the financial affairs of that  
41 firm or organization with any wording designating the positions, title,  
42 or office that the person holds in the firm or organization, nor shall  
43 this subsection prohibit any act of a public official or employee in the  
44 performance of the person's duties.

45 h. No person holding a license or firm holding a registration under

1 this act shall engage in the practice of public accountancy using a  
2 professional or firm name or designation that is misleading with regard  
3 to the form in which the firm is organized, or about the persons who  
4 are partners, officers, members, managers or shareholders of the firm,  
5 or about any other matter, except that names of one or more former  
6 partners, members, managers, or shareholders may be included in the  
7 name of a firm or its successor.

8 i. The provisions of this section shall not apply to a person or firm  
9 holding a certification, designation, degree, or license granted in a  
10 foreign country, entitling the holder thereof to engage in the practice  
11 of public accountancy or its equivalent in that country, whose  
12 activities in this State are limited to the provision of professional  
13 services to persons or firms who are residents of, governments of, or  
14 business entities of the country in which the person holds that  
15 entitlement, so long as that person or firm issues no reports with  
16 respect to the financial statements of any other persons, firms, or  
17 governmental units in this State, and does not use in this State any  
18 titles or designation other than the one under which the person  
19 practices in the foreign country, followed by a translation of that title  
20 or designation into the English language, if it is in a different language,  
21 and by the name of that country.

22 j. A financial services corporation, the voting stock of which is  
23 traded on a recognized exchange or over-the-counter, may use the  
24 truthful fact in advertising that the firm employs certified public  
25 accountants.

26 (cf: P.L.1999, c.215, s.4)

27

28 9. Section 29 of P.L.1997, c.259 (C.45:2B-70) is amended to read  
29 as follows:

30 29. A certified public accountant or public accountant holding an  
31 active license shall qualify as a registered municipal accountant by  
32 passing a registered municipal accountant's examination. Only a  
33 [certified public accountant licensed in this State or a] registered  
34 municipal accountant licensed in this State [prior to 1985] shall  
35 undertake the work of auditing the financial statements of any  
36 municipality or county. [Such an individual shall qualify as a  
37 registered municipal accountant (RMA) of New Jersey by passing a  
38 registered municipal accountant's examination and by subscribing to  
39 the following declaration:

40 a. That the individual is fully acquainted with the laws controlling  
41 and governing the finances of municipalities and counties of New  
42 Jersey; and

43 b. That the individual will honestly and faithfully audit the books  
44 and accounts of a municipality or county when engaged to do so, and  
45 report any error, omission, irregularity, violation of law, discrepancy  
46 or other nonconformity to the law, together with his recommendations

1 to the governing body of that municipality or county.]

2 The board shall make all rules governing examinations and the  
3 issuance of licenses to registered municipal accountants.

4 The registration fee for [a certified public accountant, duly licensed  
5 under this act, to practice as] a registered municipal accountant of  
6 New Jersey[, ] shall be established by the board, and shall be imposed  
7 for each triennial registration.

8 (cf: P.L.1997, c.259, s.29)

9

10 10. Section 32 of P.L.1997, c.259 (C.45:2B-73) is amended to  
11 read as follows:

12 32. Any person who undertakes the work of auditing the  
13 [accounts] financial statements of any school district in New Jersey  
14 shall qualify as a public school accountant (PSA) by:

15 a. Submitting an application to the board, demonstrating  
16 satisfactorily to the board that the individual holds [a current and  
17 valid] an active license in New Jersey as a certified public accountant,  
18 public accountant, or registered municipal accountant, and paying the  
19 required fee; and

20 b. Renewing the license triennially and paying the required fee [;  
21 and

22 c. Subscribing that the individual: (1) is fully acquainted with the  
23 laws controlling and governing the finances of school districts of New  
24 Jersey; and (2) will honestly and faithfully audit the books and  
25 accounts of any school district when engaged to do so, and report any  
26 error, omission, irregularity, violation of law, discrepancy or other  
27 nonconformity to the law, together with recommendations to the board  
28 of education in charge of that school district].

29 (cf: P.L.1997, c.259, s.32)

30

31 11. This act shall take effect immediately.

32

33

#### STATEMENT

34

35 This bill provides that applicants for licensure as a certified public  
36 accountant are not required to complete the 150 semester hours of  
37 education to sit for the licensure examination if they apply before July  
38 1, 2005 and have a baccalaureate degree, but they must satisfactorily  
39 complete these semester hours before they may be licensed.

40 The bill makes many clarifying and technical amendments to the  
41 current law; defines "compilation;" and provides that certified public  
42 accountants or public accountants must pass a registered municipal  
43 accountant's examination to qualify as a registered municipal  
44 accountant to undertake the work of auditing the financial statements  
45 of municipalities and counties.

SENATE COMMERCE COMMITTEE

STATEMENT TO

**ASSEMBLY, No. 3536**

**STATE OF NEW JERSEY**

DATED: JUNE 11, 2001

The Senate Commerce Committee reports favorably Assembly Bill No. 3536.

This bill provides that applicants for licensure as a certified public accountant are not required to complete the 150 semester hours of education to sit for the licensure examination if they apply before July 1, 2005 and have a baccalaureate degree, but they must satisfactorily complete these semester hours before they may be licensed.

The bill makes many clarifying and technical amendments to the current law; defines "compilation;" provides that each certified public accountant board member and public accountant board member must maintain an active license while serving on the regulatory board; and provides that certified public accountants or public accountants must pass a registered municipal accountant's examination to qualify as a registered municipal accountant to undertake the work of auditing the financial statements of municipalities and counties.

ASSEMBLY CONSUMER AFFAIRS AND REGULATED  
PROFESSIONS COMMITTEE

STATEMENT TO

**ASSEMBLY, No. 3536**

**STATE OF NEW JERSEY**

DATED: MAY 17, 2001

The Assembly Consumer Affairs and Regulated Professions Committee reports favorably Assembly Bill No. 3536.

This bill provides that applicants for licensure as a certified public accountant are not required to complete the 150 semester hours of education to sit for the licensure examination if they apply before July 1, 2005 and have a baccalaureate degree, but they must satisfactorily complete these semester hours before they may be licensed.

The bill makes many clarifying and technical amendments to the current law; defines "compilation;" and provides that certified public accountants or public accountants must pass a registered municipal accountant's examination to qualify as a registered municipal accountant to undertake the work of auditing the financial statements of municipalities and counties.



**SENATE, No. 2396**

**STATE OF NEW JERSEY**  
**209th LEGISLATURE**

INTRODUCED MAY 24, 2001

**Sponsored by:**

**Senator PETER A. INVERSO**

**District 14 (Mercer and Middlesex)**

**Co-Sponsored by:**

**Senator Turner**

**SYNOPSIS**

Modifies requirements to be licensed as a certified public accountant.

**CURRENT VERSION OF TEXT**

As introduced.



**(Sponsorship Updated As Of: 6/29/2001)**

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2

1 AN ACT concerning the practice of public accountancy and amending  
2 P.L.1997, c.259 and P.L.1999, c.215.

3

4 **BE IT ENACTED** by the Senate and General Assembly of the State  
5 of New Jersey:

6

7 1. Section 3 of P.L.1997, c.259 (C.45:2B-44) is amended to read  
8 as follows:

9 3. As used in this act:

10 "Attest" means providing any of the following financial statement  
11 services: **[an] any** audit or other engagement to be performed in  
12 accordance with the Statements on Auditing Standards (SAS); **[a] any**  
13 review of a financial statement **[or compilation of a financial**  
14 **statement]** to be performed in accordance with the Statements on  
15 Standards for Accounting and Review Services (SSARS); or **[an] any**  
16 examination of prospective financial information to be performed in  
17 accordance with the Statements on Standards for Attestation  
18 Engagements (SSAE). The statements on standards specified herein  
19 shall be adopted by regulation by the board and shall be in accordance  
20 with standards developed for general application by recognized  
21 national accountancy organizations such as the American Institute of  
22 Certified Public Accountants.

23 "Board" means the New Jersey State Board of Accountancy.

24 "Compilation" means providing a service, to be performed in  
25 accordance with Statements on Standards for Accounting and Review  
26 Services (SSARS), by presenting, in the form of financial statements,  
27 information that is the representation of management or owners  
28 without undertaking to express any assurance on the statements.

29 "Financial statements" means statements and related footnotes that  
30 purport to present an actual or a prospective financial position at a  
31 particular time, or results of operations, cash flow, or changes in  
32 financial position for a period of time, in conformity with generally  
33 accepted accounting principles or another comprehensive basis of  
34 accounting. The term includes specific elements, accounts or items of  
35 such statements, but does not include: incidental financial data  
36 included in management advisory service reports to support  
37 recommendations to a client; or tax returns and supporting schedules.

38 "Firm" means a sole proprietorship, a professional corporation, a  
39 partnership, a limited liability company, a limited liability partnership,  
40 or any other lawful form of business organization.

41 "License" means a license or registration issued to an individual or  
42 firm permitting the individual or firm to practice public accountancy.

**EXPLANATION - Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted in the law.**

**Matter underlined thus is new matter.**

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1 "Licensee" means the holder of a license issued pursuant to this act.

2 "Manager" means a manager of a limited liability company.

3 "Member" means a member of a limited liability company.

4 "Nonlicensee" means a person not licensed as a certified public  
5 accountant or a public accountant of any state or possession of the  
6 United States or the District of Columbia.

7 "Owner of a firm" means any person with an equity or equivalent  
8 interest in a firm, such as a shareholder with respect to a corporation  
9 or a partner with respect to a partnership, or an individual with respect  
10 to a sole proprietorship.

11 "Practice of public accountancy" [or "practicing public  
12 accountancy"] means the performance or the offering to perform attest  
13 services for a client or potential client, by a [person] licensee or  
14 registered firm [holding itself out to the public for a client or potential  
15 client or]. The "practice of public accountancy" also means the  
16 performance [as] or the offering to perform by a licensee of one or  
17 more of the following: a compilation of a financial statement to be  
18 performed in accordance with SSARS, management advisory, financial  
19 advisory or consulting services, or the preparation of tax returns or the  
20 furnishing of advice on tax matters. [A compilation to be performed  
21 in accordance with SSARS shall be allowed on or after the 180th day  
22 following the effective date of this amendatory and supplementary  
23 act.]

24 "Practice unit" means any office of a firm registered with the board  
25 to engage in the practice of public accountancy in the State of New  
26 Jersey.

27 "Quality review" means a study, appraisal or review of one or more  
28 aspects of the professional work of a [person] licensee or registered  
29 firm [in the practice of public accountancy] that performs attest or  
30 compilation services, by a person who is a certified public accountant  
31 or public accountant and who is not affiliated with the [person]  
32 licensee or registered firm being reviewed.

33 "Report" when used with reference to financial statements, means  
34 an opinion, report, or other form of language that states or implies  
35 assurance as to the reliability of any financial statement and that also  
36 includes or is accompanied by any statement or implication that the  
37 person or firm issuing it has special knowledge or competence in  
38 accounting or auditing [, such as a statement or implication of special  
39 knowledge or competence in accounting or auditing]. Such a  
40 statement or implication of special knowledge or competence may  
41 arise from use by the issuer of the report of names or titles indicating  
42 that the person or firm is an accountant or auditor, or from the  
43 language of the report itself. The term "report" includes any form of  
44 language which disclaims an opinion when that form of language is  
45 conventionally understood to imply any positive assurance as to the

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1 reliability of the financial statement referred to or special competence  
2 on the part of the person or firm issuing that language, or both; and it  
3 includes any other form of language that is conventionally understood  
4 to imply that assurance or that special knowledge or competence, or  
5 both.

6 (cf: P.L.1999, c.215, s.1)

7

8 2. Section 5 of P.L.1997, c.259 (C.45:2B-46) is amended to read  
9 as follows:

10 5. The board shall consist of 12 members, seven of whom shall  
11 have been engaged in practice as certified public accountants and two  
12 of whom shall have been engaged in practice as public accountants in  
13 this State, two of whom shall be public members and one of whom  
14 shall be a State executive department member. Each certified public  
15 accountant board member and public accountant board member shall  
16 maintain an active license in New Jersey during his term of service on  
17 the board. Each certified public accountant member, public  
18 accountant member, and public member shall be appointed by the  
19 Governor for a term of three years and shall hold office until  
20 reappointed or a successor is appointed and qualified. Any vacancy on  
21 the board shall be filled by the Governor for the unexpired term only.

22 The public members and the State executive department member  
23 shall be appointed by the Governor in accordance with and subject to  
24 the provisions of P.L.1971, c.60 (C.45:1-2.1 et seq.).

25 Except for the State executive department member, no member may  
26 serve more than two successive terms in addition to any unexpired  
27 term to which he has been appointed, except that any member who has  
28 served two such successive terms may be reappointed after an  
29 intervening period of one year.

30 The Governor may remove any member of the board, other than the  
31 State executive department member, for cause, upon notice and  
32 opportunity to be heard.

33 (cf: P.L.1997, c.259, s.5)

34

35 3. Section 8 of P.L.1997, c.259 (C.45:2B-49) is amended to read  
36 as follows:

37 8. Every applicant for examination for licensure as a certified  
38 public accountant shall present to the board a written application on  
39 a form to be provided by the board, together with the required fee, and  
40 satisfactory proof of the following:

41 a. That the applicant is at least 18 years of age;

42 b. That the applicant is of good moral character; and

43 c. **[(1)]** That the applicant has **[a baccalaureate degree or its**  
44 **equivalent from an institution of higher education acceptable to the**  
45 **board, including such courses in accounting and related professional**  
46 **courses that the board may require by regulation;**

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1 (2) After July 1, 2000 and according to regulations established by  
2 the board, that the applicant has] at least 150 semester hours of  
3 education [or its equivalent], including a baccalaureate or higher  
4 degree or its equivalent, from an institution of higher education  
5 accredited by a regional accrediting agency recognized by the  
6 Commission on Higher Education. The educational program shall  
7 include a concentration in accounting or its equivalent and related  
8 professional courses as determined by regulation of the board.

9 Notwithstanding the provisions of subsection c. of this section, an  
10 applicant who applies prior to July 1, 2005 shall qualify for  
11 examination for licensure if he has a baccalaureate degree or its  
12 equivalent from an institution of higher education acceptable to the  
13 board; provided, however, that no applicant shall be issued a license  
14 unless he has successfully completed at least the 150 semester hours  
15 of education required pursuant to subsection c. of this section.

16 (cf: P.L.1997, c.259, s.8)

17  
18 4. Section 12 of P.L.1997. c.259 (C.45:2B-53) is amended to read  
19 as follows:

20 12. a. The board may waive the examination of, and issue a license  
21 to, any person who is of good moral character, and who, at the time  
22 of his application, holds a valid and unrevoked license as a certified  
23 public accountant issued by or under the authority of any state or  
24 possession of the United States or the District of Columbia which has  
25 education, experience, examination and re-examination requirements  
26 which are substantially equivalent to the requirements of this act and  
27 the regulations promulgated pursuant to this act for the issuance of a  
28 license as a certified public accountant.

29 b. The board may waive the examination of, and issue a license to,  
30 an applicant who within 10 years immediately preceding the date of  
31 application has held a valid and unrevoked license as a certified public  
32 accountant issued by or under the authority of any state or possession  
33 of the United States or the District of Columbia, and who has had  
34 four years of experience outside of this State [in the practice of public  
35 accountancy that is deemed satisfactory to the board] of the type  
36 described in subsection a. of section 10 of P.L.1997, c. 259 (C.45:2B-  
37 51), or meets equivalent requirements prescribed by the board by  
38 regulation, after passing the examination upon which the applicant's  
39 license was based with grades that would have been passing grades at  
40 the time in this State. If an applicant's certificate, license or permit  
41 was issued no less than [three] six years prior to the application for  
42 issuance of an initial license under this section, that applicant shall  
43 have also fulfilled the requirements of continuing professional  
44 education that would have been applicable under the rules of this State  
45 to be eligible for licensure under the provisions of [this] subsection a.  
46 of section 27 of P.L.1997, c.259 (C.45:2B-68).

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1 c. The board shall issue a license as a certified public accountant  
2 to a holder of a foreign designation, granted in a foreign country  
3 entitling the holder thereof to engage in the practice of public  
4 accountancy if:

5 (1) The foreign authority which granted the designation makes  
6 similar provision to allow a person who holds a valid license issued by  
7 this State to obtain that foreign authority's comparable designation;  
8 and

9 (2) The foreign designation:

10 (a) was duly issued by a foreign authority that regulates the  
11 practice of public accountancy and the foreign designation has not  
12 expired or been revoked or suspended;

13 (b) entitles the holder to issue reports upon a financial statement;  
14 and

15 (c) was issued upon the basis of educational, examination, and  
16 experience requirements established by the foreign authority or by law;  
17 and

18 (3) The applicant:

19 (a) received the designation, based on educational and examination  
20 standards substantially equivalent to those in effect in this State, at the  
21 time the foreign designation was granted;

22 (b) completed an experience requirement, substantially equivalent  
23 to the requirement set out in section 10 of this act, in the jurisdiction  
24 which granted the foreign designation, or has completed ~~five~~ four  
25 years of experience [in the practice of public accountancy in this  
26 State] of the type described in subsection a. of section 10 of P.L.1997,  
27 c.259 (C.45:2B-51); or meets equivalent requirements prescribed by  
28 the board, within the 10 years immediately preceding the application;  
29 and

30 (c) passed a uniform qualifying examination in national standards  
31 acceptable to the board and an examination on the laws, regulations  
32 and code of ethical conduct in effect in this State.

33 An applicant seeking licensure under this subsection shall in the  
34 application list all jurisdictions, foreign and domestic, in which the  
35 applicant has applied for or holds a designation to practice public  
36 accountancy, and each holder of a license issued under this subsection  
37 shall notify the board in writing, within thirty days after its occurrence,  
38 of any issuance, denial, revocation or suspension of a designation or  
39 commencement of a disciplinary or enforcement action by any  
40 jurisdiction.

41 (cf: P.L.1997, c.259, s.12)

42

43 5. Section 13 of P.L.1997, c.259 (C.45:2B-54) is amended to read  
44 as follows:

45 13. a. A firm engaged in this State in the practice of attest services  
46 shall be required to register with the board as a firm of certified public

1 accountants [and]. A firm engaged in the practice of public  
2 accountancy, but not performing attest services, shall be eligible to  
3 register with the board as a firm of certified public accountants. In  
4 either case, the firm shall meet the following requirements:

5 (1) At least one owner of the firm shall be a certified public  
6 accountant in good standing, and licensed to practice public  
7 accountancy in this State;

8 (2) Each owner of the firm, other than a nonlicensee, shall be a  
9 certified public accountant of any state or possession of the United  
10 States or the District of Columbia in good standing, and licensed to  
11 practice public accountancy where licensed;

12 (3) There shall be a certified public accountant in the firm who has  
13 ultimate responsibility for each attest engagement. On all firm  
14 applications and renewal forms, a licensee shall be designated as  
15 responsible and in charge of all professional matters relating to the  
16 practice of accountancy by the registered firm. Each resident manager  
17 in charge of a practice unit of a firm in this State and each owner  
18 thereof, other than a nonlicensee, personally engaged within this State  
19 in the practice of public accountancy shall be a certified public  
20 accountant in good standing, and licensed to practice public  
21 accountancy in this State.

22 b. Application for registration of a firm shall be made upon the  
23 affidavit of an owner of the firm who is a certified public accountant  
24 in good standing and licensed to practice public accountancy in this  
25 State. The board shall in each case determine whether the applicant  
26 is eligible for registration. A firm which is so registered may use the  
27 words "certified public accountant" or the abbreviation "CPAs" in  
28 connection with its firm name. Notification shall be given to the board  
29 within 90 days after admission or withdrawal of an owner licensed and  
30 practicing in this State from any firm so registered.

31 (cf: P.L.1999, c.215, s.2)

32

33 6. Section 5 of P.L.1999, c.215 (C.45:2B-54.1) is amended to read  
34 as follows:

35 5. a. A firm [lawfully engaged in this State in the practice of  
36 public accountancy] registered under P.L. 1997, c.259 (C.45:2B-42 et  
37 seq.) as a firm of certified public accountants or public accountants  
38 may have owners who are not licensed as certified public accountants  
39 or public accountants if it meets the following requirements:

40 (1) Nonlicensee owners shall be natural persons or entities,  
41 including, but not limited to, partnerships and professional  
42 corporations, provided that each ultimate beneficial owner of an equity  
43 interest in that entity shall be a natural person materially participating  
44 in the business conducted by the firm or entity affiliated with the firm;

45 (2) The ownership interest of nonlicensee owners shall revert to  
46 the firm upon the cessation of any material participation by the

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1 nonlicensee owner in the business conducted by the firm or entity;

2 (3) Persons who are licensed to practice public accountancy in any  
3 state or possession of the United States or the District of Columbia  
4 shall in the aggregate, directly or beneficially, comprise not less than  
5 half of the owners, hold more than half of the equity capital, and  
6 possess majority voting rights of the firm; and

7 (4) Nonlicensee owners shall not hold themselves out as certified  
8 public accountants or public accountants.

9 [A financial services corporation the voting stock of which is  
10 traded on a recognized exchange or over the counter, may use the  
11 truthful fact in advertising that the firm employs certified public  
12 accountants.]

13 b. Except as otherwise permitted by the board, a person shall not  
14 become a nonlicensee owner or remain a nonlicensee owner if the  
15 person has:

16 (1) Been convicted of any crime, an element of which is dishonesty  
17 or fraud, under the laws of this State or any other state, of the United  
18 States, or of any other jurisdiction. A conviction includes the initial  
19 plea, verdict, or finding of guilty, pleas of no contest, or  
20 pronouncement of sentence by a trial court, notwithstanding that  
21 conviction may not be final or sentence actually imposed until appeals  
22 are exhausted;

23 (2) Had a professional license or the right to practice revoked or  
24 suspended for reasons other than nonpayment of fees, or has  
25 voluntarily surrendered a license or right to practice with disciplinary  
26 charges or a disciplinary investigation pending, which license or right  
27 to practice has not been reinstated by a licensing agency of this State  
28 or any other state, of the United States, or of any other jurisdiction;

29 (3) Been in violation of P.L.1997, c.259 (C.45:2B-42 et seq.) or  
30 any regulation promulgated by the board under that act.

31 c. A nonlicensee owner of a licensed firm shall report to the board  
32 in writing of the occurrence of any of the events set forth in subsection  
33 b. of this section within 30 days of the date the nonlicensee owner has  
34 knowledge of the event. The report shall identify the event by the  
35 name of the agency or court, the title of the matter, the docket  
36 number, and the date of occurrence of the event.

37 (cf: P.L.1999, c.215, s.5)

38

39 7. Section 14 of P.L.1997, c.259 (C.45:2B-55) is amended to read  
40 as follows:

41 14. a. A firm engaged in this State in the practice of [public  
42 accountancy] attest services shall be [eligible] required to register  
43 with the board as a firm of public accountants [if it meets] . A firm  
44 engaged in the practice of public accountancy, but not performing  
45 attest services, shall be eligible to register with the board as a firm of  
46 public accountants. In either case, the firm shall meet the following



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1 requirements:

2 (1) At least one owner of a firm shall be a public accountant or  
3 certified public accountant in good standing, and licensed to practice  
4 public accountancy in this State;

5 (2) Each owner of the firm, other than a nonlicensee, shall be a  
6 public accountant or certified public accountant of any state or  
7 possession of the United States or the District of Columbia in good  
8 standing, and licensed to practice public accountancy where licensed  
9 [, except that nothing in this section shall preclude a certified public  
10 accountant from being an owner of a firm of public accountants];

11 (3) There shall be a public accountant or certified public  
12 accountant in the firm who has ultimate responsibility for each attest  
13 engagement. On all firm applications and renewal forms, a licensee  
14 shall be designated as responsible and in charge of all professional  
15 matters relating to the practice of accountancy by the registered firm.  
16 Each resident manager in charge of a practice unit of a firm in this  
17 State and each owner thereof, other than a nonlicensee, personally  
18 engaged within this State in the practice of public accounting shall be  
19 a public accountant or a certified public accountant of this State in  
20 good standing and licensed to practice public accountancy in this  
21 State.

22 b. Application for registration of a firm shall be made upon the  
23 affidavit of an owner of the firm who is a public accountant or certified  
24 public accountant of this State in good standing and licensed to  
25 practice public accountancy in this State. The board shall in each case  
26 determine whether the applicant is eligible for registration. A firm  
27 which is so registered may use the words "public accountant" or the  
28 abbreviation "PAs" in connection with its firm name. Notification shall  
29 be given to the board within 90 days after admission or withdrawal of  
30 an owner licensed and practicing in this State from any firm so  
31 registered.

32 (cf: P.L.1999, c.215, s.3)

33

34 8. Section 21 of P.L.1997, c.259 (C.45:2B-62) is amended to read  
35 as follows:

36 21. a. No person shall use or assume the title or designation  
37 "certified public accountant," or the abbreviation "CPA" or any other  
38 title, designation, words, letters, abbreviation, sign, card, or device  
39 tending to indicate that the person is a certified public accountant  
40 unless that person holds a current license as a certified public  
41 accountant under this act.

42 b. No firm shall [assume or] use or assume the title or designation  
43 "certified public accountant," or the abbreviation "CPA," unless  
44 otherwise provided for by law, or any other title, designation, words,  
45 letters, abbreviation, sign, card, or device tending to indicate that the  
46 firm is composed of certified public accountants, unless the firm holds

1 a **[valid]** current registration issued under this act **[**, except that a  
2 financial services firm, the voting stock of which is traded on a  
3 recognized exchange or over the counter, shall not, solely by reason  
4 of any of its duly licensed employees holding themselves out as  
5 "certified public accountants," be deemed to be holding itself out as a  
6 firm of "certified public accountants"]

7 c. No **[individual]** person shall **[assume or]** use or assume the title  
8 or designation "public accountant," or the abbreviation "PA," or any  
9 other title, designation, words, letters, abbreviation, sign, card, or  
10 device tending to indicate that the person is a public accountant unless  
11 that **[individual]** person holds a **[valid registration]** current license as  
12 a public accountant **[as provided]** under this act.

13 d. No firm shall **[assume or]** use or assume the title or designation  
14 "public accountant," or the abbreviation "PA," unless otherwise  
15 provided for by law, or any other title, designation, words, letters,  
16 abbreviation, sign, card, or device tending to indicate that the firm is  
17 composed of public accountants, unless the firm holds a **[valid]**  
18 current registration issued under this act.

19 e. No person or firm shall **[assume or]** use or assume the title or  
20 designation "certified accountant," "chartered accountant," enrolled  
21 accountant," "licensed accountant," "registered accountant,"  
22 "accredited accountant," or any other title or designation likely to be  
23 confused with the titles "certified public accountant" or "public  
24 accountant," or use any of the abbreviations "CA," "LA," "RA," "AA,"  
25 or similar abbreviations likely to be confused with the abbreviations  
26 "CPA" or "PA," unless that person or firm holds a **[valid]** current  
27 license or registration issued under this act.

28 f. No person or firm shall **[assume or]** use or assume the title  
29 "enrolled agent" or "EA," unless so designated by the Internal Revenue  
30 Service.

31 g. No person or firm shall **[assume or]** use or assume any title or  
32 designation that includes the words "accountant," "auditor," or  
33 "accounting" in connection with any other language, including the  
34 language of a report, that implies that the person or firm holds such a  
35 certificate, permit, or registration or has special competence as an  
36 accountant or auditor, unless that person or firm holds a **[valid]**  
37 current license or registration issued under this act, except that this  
38 subsection shall not prohibit any officer, partner, member, manager, or  
39 employee of any firm or organization from affixing that person's own  
40 signature to any statement in reference to the financial affairs of that  
41 firm or organization with any wording designating the positions, title,  
42 or office that the person holds in the firm or organization, nor shall  
43 this subsection prohibit any act of a public official or employee in the  
44 performance of the person's duties.

45 h. No person holding a license or firm holding a registration under

1 this act shall engage in the practice of public accountancy using a  
2 professional or firm name or designation that is misleading with regard  
3 to the form in which the firm is organized, or about the persons who  
4 are partners, officers, members, managers or shareholders of the firm,  
5 or about any other matter, except that names of one or more former  
6 partners, members, managers, or shareholders may be included in the  
7 name of a firm or its successor.

8 i. The provisions of this section shall not apply to a person or firm  
9 holding a certification, designation, degree, or license granted in a  
10 foreign country, entitling the holder thereof to engage in the practice  
11 of public accountancy or its equivalent in that country, whose  
12 activities in this State are limited to the provision of professional  
13 services to persons or firms who are residents of, governments of, or  
14 business entities of the country in which the person holds that  
15 entitlement, so long as that person or firm issues no reports with  
16 respect to the financial statements of any other persons, firms, or  
17 governmental units in this State, and does not use in this State any  
18 titles or designation other than the one under which the person  
19 practices in the foreign country, followed by a translation of that title  
20 or designation into the English language, if it is in a different language,  
21 and by the name of that country.

22 j. A financial services corporation, the voting stock of which is  
23 traded on a recognized exchange or over-the-counter, may use the  
24 truthful fact in advertising that the firm employs certified public  
25 accountants.

26 (cf: P.L.1999, c.215, s.4)

27

28 9. Section 29 of P.L.1997, c.259 (C.45:2B-70) is amended to read  
29 as follows:

30 29. A certified public accountant or public accountant holding an  
31 active license shall qualify as a registered municipal accountant by  
32 passing a registered municipal accountant's examination. Only a  
33 [certified public accountant licensed in this State or a] registered  
34 municipal accountant licensed in this State [prior to 1985] shall  
35 undertake the work of auditing the financial statements of any  
36 municipality or county. [Such an individual shall qualify as a  
37 registered municipal accountant (RMA) of New Jersey by passing a  
38 registered municipal accountant's examination and by subscribing to  
39 the following declaration:

40 a. That the individual is fully acquainted with the laws controlling  
41 and governing the finances of municipalities and counties of New  
42 Jersey; and

43 b. That the individual will honestly and faithfully audit the books  
44 and accounts of a municipality or county when engaged to do so, and  
45 report any error, omission, irregularity, violation of law, discrepancy  
46 or other nonconformity to the law, together with his recommendations

1 to the governing body of that municipality or county.]

2 The board shall make all rules governing examinations and the  
3 issuance of licenses to registered municipal accountants.

4 The registration fee for [a certified public accountant, duly licensed  
5 under this act, to practice as] a registered municipal accountant of  
6 New Jersey[, ] shall be established by the board, and shall be imposed  
7 for each triennial registration.

8 (cf: P.L.1997, c.259, s.29)

9

10 10. Section 32 of P.L.1997, c.259 (C.45:2B-73) is amended to  
11 read as follows:

12 32. Any person who undertakes the work of auditing the  
13 [accounts] financial statements of any school district in New Jersey  
14 shall qualify as a public school accountant (PSA) by:

15 a. Submitting an application to the board, demonstrating  
16 satisfactorily to the board that the individual holds [a current and  
17 valid] an active license in New Jersey as a certified public accountant,  
18 public accountant, or registered municipal accountant, and paying the  
19 required fee; and

20 b. Renewing the license triennially and paying the required fee [;  
21 and

22 c. Subscribing that the individual: (1) is fully acquainted with the  
23 laws controlling and governing the finances of school districts of New  
24 Jersey; and (2) will honestly and faithfully audit the books and  
25 accounts of any school district when engaged to do so, and report any  
26 error, omission, irregularity, violation of law, discrepancy or other  
27 nonconformity to the law, together with recommendations to the board  
28 of education in charge of that school district].

29 (cf: P.L.1997, c.259, s.32)

30

31 11. This act shall take effect immediately.

32

33

#### STATEMENT

34

35 This bill provides that applicants for licensure as a certified public  
36 accountant are not required to complete the 150 semester hours of  
37 education to sit for the licensure examination if they apply before July  
38 1, 2005 and have a baccalaureate degree, but they must satisfactorily  
39 complete these semester hours before they may be licensed.

40 The bill makes many clarifying and technical amendments to the  
41 current law; defines "compilation;" and provides that certified public  
42 accountants or public accountants must pass a registered municipal  
43 accountant's examination to qualify as a registered municipal  
44 accountant to undertake the work of auditing the financial statements  
45 of municipalities and counties.

SENATE COMMERCE COMMITTEE

STATEMENT TO

**SENATE, No. 2396**

**STATE OF NEW JERSEY**

DATED: JUNE 11, 2001

The Senate Commerce Committee reports favorably Senate Bill No. 2396.

This bill provides that applicants for licensure as a certified public accountant are not required to complete the 150 semester hours of education to sit for the licensure examination if they apply before July 1, 2005 and have a baccalaureate degree, but they must satisfactorily complete these semester hours before they may be licensed.

The bill makes many clarifying and technical amendments to the current law; defines "compilation;" provides that each certified public accountant board member and public accountant board member must maintain an active license while serving on the regulatory board; and provides that certified public accountants or public accountants must pass a registered municipal accountant's examination to qualify as a registered municipal accountant to undertake the work of auditing the financial statements of municipalities and counties.

P.L. 2001, CHAPTER 149, *approved July 10, 2001*  
Assembly, No. 3536

1 AN ACT concerning the practice of public accountancy and amending  
2 P.L.1997, c.259 and P.L.1999, c.215.

3

4 **BE IT ENACTED** by the Senate and General Assembly of the State  
5 of New Jersey:

6

7 1. Section 3 of P.L.1997, c.259 (C.45:2B-44) is amended to read  
8 as follows:

9 3. As used in this act:

10 "Attest" means providing any of the following financial statement  
11 services: **[an] any** audit or other engagement to be performed in  
12 accordance with the Statements on Auditing Standards (SAS); **[a] any**  
13 review of a financial statement **[or compilation of a financial**  
14 **statement]** to be performed in accordance with the Statements on  
15 Standards for Accounting and Review Services (SSARS); or **[an] any**  
16 examination of prospective financial information to be performed in  
17 accordance with the Statements on Standards for Attestation  
18 Engagements (SSAE). The statements on standards specified herein  
19 shall be adopted by regulation by the board and shall be in accordance  
20 with standards developed for general application by recognized  
21 national accountancy organizations such as the American Institute of  
22 Certified Public Accountants.

23 "Board" means the New Jersey State Board of Accountancy.

24 "Compilation" means providing a service, to be performed in  
25 accordance with Statements on Standards for Accounting and Review  
26 Services (SSARS), by presenting, in the form of financial statements,  
27 information that is the representation of management or owners  
28 without undertaking to express any assurance on the statements.

29 "Financial statements" means statements and related footnotes that  
30 purport to present an actual or a prospective financial position at a  
31 particular time, or results of operations, cash flow, or changes in  
32 financial position for a period of time, in conformity with generally  
33 accepted accounting principles or another comprehensive basis of  
34 accounting. The term includes specific elements, accounts or items of  
35 such statements, but does not include: incidental financial data  
36 included in management advisory service reports to support  
37 recommendations to a client; or tax returns and supporting schedules.

38 "Firm" means a sole proprietorship, a professional corporation, a  
39 partnership, a limited liability company, a limited liability partnership,  
40 or any other lawful form of business organization.

41 "License" means a license or registration issued to an individual or

**EXPLANATION - Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted in the law.**

**Matter underlined thus is new matter.**

1 firm permitting the individual or firm to practice public accountancy.

2 "Licensee" means the holder of a license issued pursuant to this act.

3 "Manager" means a manager of a limited liability company.

4 "Member" means a member of a limited liability company.

5 "Nonlicensee" means a person not licensed as a certified public  
6 accountant or a public accountant of any state or possession of the  
7 United States or the District of Columbia.

8 "Owner of a firm" means any person with an equity or equivalent  
9 interest in a firm, such as a shareholder with respect to a corporation  
10 or a partner with respect to a partnership, or an individual with respect  
11 to a sole proprietorship.

12 "Practice of public accountancy" [or "practicing public  
13 accountancy"] means the performance or the offering to perform attest  
14 services for a client or potential client, by a [person] licensee or  
15 registered firm [holding itself out to the public for a client or potential  
16 client or]. The "practice of public accountancy" also means the  
17 performance [as] or the offering to perform by a licensee of one or  
18 more of the following: a compilation of a financial statement to be  
19 performed in accordance with SSARS, management advisory, financial  
20 advisory or consulting services, or the preparation of tax returns or the  
21 furnishing of advice on tax matters. [A compilation to be performed  
22 in accordance with SSARS shall be allowed on or after the 180th day  
23 following the effective date of this amendatory and supplementary  
24 act.]

25 "Practice unit" means any office of a firm registered with the board  
26 to engage in the practice of public accountancy in the State of New  
27 Jersey.

28 "Quality review" means a study, appraisal or review of one or more  
29 aspects of the professional work of a [person] licensee or registered  
30 firm [in the practice of public accountancy] that performs attest or  
31 compilation services, by a person who is a certified public accountant  
32 or public accountant and who is not affiliated with the [person]  
33 licensee or registered firm being reviewed.

34 "Report" when used with reference to financial statements, means  
35 an opinion, report, or other form of language that states or implies  
36 assurance as to the reliability of any financial statement and that also  
37 includes or is accompanied by any statement or implication that the  
38 person or firm issuing it has special knowledge or competence in  
39 accounting or auditing [, such as a statement or implication of special  
40 knowledge or competence in accounting or auditing]. Such a  
41 statement or implication of special knowledge or competence may  
42 arise from use by the issuer of the report of names or titles indicating  
43 that the person or firm is an accountant or auditor, or from the  
44 language of the report itself. The term "report" includes any form of  
45 language which disclaims an opinion when that form of language is

1 conventionally understood to imply any positive assurance as to the  
2 reliability of the financial statement referred to or special competence  
3 on the part of the person or firm issuing that language, or both; and it  
4 includes any other form of language that is conventionally understood  
5 to imply that assurance or that special knowledge or competence, or  
6 both.

7 (cf: P.L.1999, c.215, s.1)

8

9 2. Section 5 of P.L.1997, c.259 (C.45:2B-46) is amended to read  
10 as follows:

11 5. The board shall consist of 12 members, seven of whom shall  
12 have been engaged in practice as certified public accountants and two  
13 of whom shall have been engaged in practice as public accountants in  
14 this State, two of whom shall be public members and one of whom  
15 shall be a State executive department member. Each certified public  
16 accountant board member and public accountant board member shall  
17 maintain an active license in New Jersey during his term of service on  
18 the board. Each certified public accountant member, public  
19 accountant member, and public member shall be appointed by the  
20 Governor for a term of three years and shall hold office until  
21 reappointed or a successor is appointed and qualified. Any vacancy on  
22 the board shall be filled by the Governor for the unexpired term only.

23 The public members and the State executive department member  
24 shall be appointed by the Governor in accordance with and subject to  
25 the provisions of P.L.1971, c.60 (C.45:1-2.1 et seq.).

26 Except for the State executive department member, no member may  
27 serve more than two successive terms in addition to any unexpired  
28 term to which he has been appointed, except that any member who has  
29 served two such successive terms may be reappointed after an  
30 intervening period of one year.

31 The Governor may remove any member of the board, other than the  
32 State executive department member, for cause, upon notice and  
33 opportunity to be heard.

34 (cf: P.L.1997, c.259, s.5)

35

36 3. Section 8 of P.L.1997, c.259 (C.45:2B-49) is amended to read  
37 as follows:

38 8. Every applicant for examination for licensure as a certified  
39 public accountant shall present to the board a written application on  
40 a form to be provided by the board, together with the required fee, and  
41 satisfactory proof of the following:

42 a. That the applicant is at least 18 years of age;

43 b. That the applicant is of good moral character; and

44 c. [(1)] That the applicant has [a baccalaureate degree or its  
45 equivalent from an institution of higher education acceptable to the  
46 board, including such courses in accounting and related professional



1 courses that the board may require by regulation;

2 (2) After July 1, 2000 and according to regulations established by  
3 the board, that the applicant has] at least 150 semester hours of  
4 education [or its equivalent], including a baccalaureate or higher  
5 degree or its equivalent, from an institution of higher education  
6 accredited by a regional accrediting agency recognized by the  
7 Commission on Higher Education. The educational program shall  
8 include a concentration in accounting or its equivalent and related  
9 professional courses as determined by regulation of the board.

10 Notwithstanding the provisions of subsection c. of this section, an  
11 applicant who applies prior to July 1, 2005 shall qualify for  
12 examination for licensure if he has a baccalaureate degree or its  
13 equivalent from an institution of higher education acceptable to the  
14 board; provided, however, that no applicant shall be issued a license  
15 unless he has successfully completed at least the 150 semester hours  
16 of education required pursuant to subsection c. of this section.

17 (cf: P.L.1997, c.259, s.8)

18

19 4. Section 12 of P.L.1997, c.259 (C.45:2B-53) is amended to read  
20 as follows:

21 12. a. The board may waive the examination of, and issue a license  
22 to, any person who is of good moral character, and who, at the time  
23 of his application, holds a valid and unrevoked license as a certified  
24 public accountant issued by or under the authority of any state or  
25 possession of the United States or the District of Columbia which has  
26 education, experience, examination and re-examination requirements  
27 which are substantially equivalent to the requirements of this act and  
28 the regulations promulgated pursuant to this act for the issuance of a  
29 license as a certified public accountant.

30 b. The board may waive the examination of, and issue a license to,  
31 an applicant who within 10 years immediately preceding the date of  
32 application has held a valid and unrevoked license as a certified public  
33 accountant issued by or under the authority of any state or possession  
34 of the United States or the District of Columbia, and who has had  
35 four years of experience outside of this State [in the practice of public  
36 accountancy that is deemed satisfactory to the board] of the type  
37 described in subsection a. of section 10 of P.L.1997, c. 259 (C.45:2B-  
38 51), or meets equivalent requirements prescribed by the board by  
39 regulation, after passing the examination upon which the applicant's  
40 license was based with grades that would have been passing grades at  
41 the time in this State. If an applicant's certificate, license or permit  
42 was issued no less than [three] six years prior to the application for  
43 issuance of an initial license under this section, that applicant shall  
44 have also fulfilled the requirements of continuing professional  
45 education that would have been applicable under the rules of this State  
46 to be eligible for licensure under the provisions of [this] subsection a.

1 of section 27 of P.L.1997, c.259 (C.45:2B-68).

2 c. The board shall issue a license as a certified public accountant  
3 to a holder of a foreign designation, granted in a foreign country  
4 entitling the holder thereof to engage in the practice of public  
5 accountancy if:

6 (1) The foreign authority which granted the designation makes  
7 similar provision to allow a person who holds a valid license issued by  
8 this State to obtain that foreign authority's comparable designation;  
9 and

10 (2) The foreign designation:

11 (a) was duly issued by a foreign authority that regulates the  
12 practice of public accountancy and the foreign designation has not  
13 expired or been revoked or suspended;

14 (b) entitles the holder to issue reports upon a financial statement;  
15 and

16 (c) was issued upon the basis of educational, examination, and  
17 experience requirements established by the foreign authority or by law;  
18 and

19 (3) The applicant:

20 (a) received the designation, based on educational and examination  
21 standards substantially equivalent to those in effect in this State, at the  
22 time the foreign designation was granted;

23 (b) completed an experience requirement, substantially equivalent  
24 to the requirement set out in section 10 of this act, in the jurisdiction  
25 which granted the foreign designation, or has completed **[five]** four  
26 years of experience [in the practice of public accountancy in this  
27 State] of the type described in subsection a. of section 10 of P.L.1997,  
28 c.259 (C.45:2B-51); or meets equivalent requirements prescribed by  
29 the board, within the 10 years immediately preceding the application;  
30 and

31 (c) passed a uniform qualifying examination in national standards  
32 acceptable to the board and an examination on the laws, regulations  
33 and code of ethical conduct in effect in this State.

34 An applicant seeking licensure under this subsection shall in the  
35 application list all jurisdictions, foreign and domestic, in which the  
36 applicant has applied for or holds a designation to practice public  
37 accountancy, and each holder of a license issued under this subsection  
38 shall notify the board in writing, within thirty days after its occurrence,  
39 of any issuance, denial, revocation or suspension of a designation or  
40 commencement of a disciplinary or enforcement action by any  
41 jurisdiction.

42 (cf: P.L.1997, c.259, s.12)

43

44 5. Section 13 of P.L.1997, c.259 (C.45:2B-54) is amended to read  
45 as follows:

46 13. a. A firm engaged in this State in the practice of attest services

1 shall be required to register with the board as a firm of certified public  
2 accountants [and] . A firm engaged in the practice of public  
3 accountancy, but not performing attest services, shall be eligible to  
4 register with the board as a firm of certified public accountants. In  
5 either case, the firm shall meet the following requirements:

6 (1) At least one owner of the firm shall be a certified public  
7 accountant in good standing, and licensed to practice public  
8 accountancy in this State;

9 (2) Each owner of the firm, other than a nonlicensee, shall be a  
10 certified public accountant of any state or possession of the United  
11 States or the District of Columbia in good standing, and licensed to  
12 practice public accountancy where licensed;

13 (3) There shall be a certified public accountant in the firm who has  
14 ultimate responsibility for each attest engagement. On all firm  
15 applications and renewal forms, a licensee shall be designated as  
16 responsible and in charge of all professional matters relating to the  
17 practice of accountancy by the registered firm. Each resident manager  
18 in charge of a practice unit of a firm in this State and each owner  
19 thereof, other than a nonlicensee, personally engaged within this State  
20 in the practice of public accountancy shall be a certified public  
21 accountant in good standing, and licensed to practice public  
22 accountancy in this State.

23 b. Application for registration of a firm shall be made upon the  
24 affidavit of an owner of the firm who is a certified public accountant  
25 in good standing and licensed to practice public accountancy in this  
26 State. The board shall in each case determine whether the applicant  
27 is eligible for registration. A firm which is so registered may use the  
28 words "certified public accountant" or the abbreviation "CPAs" in  
29 connection with its firm name. Notification shall be given to the board  
30 within 90 days after admission or withdrawal of an owner licensed and  
31 practicing in this State from any firm so registered.

32 (cf: P.L.1999, c.215, s.2)

33

34 6. Section 5 of P.L.1999, c.215 (C.45:2B-54.1) is amended to read  
35 as follows:

36 5. a. A firm [lawfully engaged in this State in the practice of  
37 public accountancy] registered under P.L 1997, c.259 (C.45:2B-42 et  
38 seq.) as a firm of certified public accountants or public accountants  
39 may have owners who are not licensed as certified public accountants  
40 or public accountants if it meets the following requirements:

41 (1) Nonlicensee owners shall be natural persons or entities,  
42 including, but not limited to, partnerships and professional  
43 corporations, provided that each ultimate beneficial owner of an equity  
44 interest in that entity shall be a natural person materially participating  
45 in the business conducted by the firm or entity affiliated with the firm;

46 (2) The ownership interest of nonlicensee owners shall revert to

1 the firm upon the cessation of any material participation by the  
2 nonlicensee owner in the business conducted by the firm or entity;

3 (3) Persons who are licensed to practice public accountancy in any  
4 state or possession of the United States or the District of Columbia  
5 shall in the aggregate, directly or beneficially, comprise not less than  
6 half of the owners, hold more than half of the equity capital, and  
7 possess majority voting rights of the firm; and

8 (4) Nonlicensee owners shall not hold themselves out as certified  
9 public accountants or public accountants.

10 [A financial services corporation the voting stock of which is  
11 traded on a recognized exchange or over the counter, may use the  
12 truthful fact in advertising that the firm employs certified public  
13 accountants.]

14 b. Except as otherwise permitted by the board, a person shall not  
15 become a nonlicensee owner or remain a nonlicensee owner if the  
16 person has:

17 (1) Been convicted of any crime, an element of which is dishonesty  
18 or fraud, under the laws of this State or any other state, of the United  
19 States, or of any other jurisdiction. A conviction includes the initial  
20 plea, verdict, or finding of guilty, pleas of no contest, or  
21 pronouncement of sentence by a trial court, notwithstanding that  
22 conviction may not be final or sentence actually imposed until appeals  
23 are exhausted;

24 (2) Had a professional license or the right to practice revoked or  
25 suspended for reasons other than nonpayment of fees, or has  
26 voluntarily surrendered a license or right to practice with disciplinary  
27 charges or a disciplinary investigation pending, which license or right  
28 to practice has not been reinstated by a licensing agency of this State  
29 or any other state, of the United States, or of any other jurisdiction;

30 (3) Been in violation of P.L.1997, c.259 (C.45:2B-42 et seq.) or  
31 any regulation promulgated by the board under that act.

32 c. A nonlicensee owner of a licensed firm shall report to the board  
33 in writing of the occurrence of any of the events set forth in subsection  
34 b. of this section within 30 days of the date the nonlicensee owner has  
35 knowledge of the event. The report shall identify the event by the  
36 name of the agency or court, the title of the matter, the docket  
37 number, and the date of occurrence of the event.

38 (cf: P.L.1999, c.215, s.5)

39

40 7. Section 14 of P.L.1997, c.259 (C.45:2B-55) is amended to read  
41 as follows:

42 14. a. A firm engaged in this State in the practice of [public  
43 accountancy] attest services shall be [eligible] required to register  
44 with the board as a firm of public accountants [if it meets] . A firm  
45 engaged in the practice of public accountancy, but not performing  
46 attest services, shall be eligible to register with the board as a firm of

1 public accountants. In either case, the firm shall meet the following  
2 requirements:

3 (1) At least one owner of a firm shall be a public accountant or  
4 certified public accountant in good standing, and licensed to practice  
5 public accountancy in this State;

6 (2) Each owner of the firm, other than a nonlicensee, shall be a  
7 public accountant or certified public accountant of any state or  
8 possession of the United States or the District of Columbia in good  
9 standing, and licensed to practice public accountancy where licensed  
10 [ , except that nothing in this section shall preclude a certified public  
11 accountant from being an owner of a firm of public accountants];

12 (3) There shall be a public accountant or certified public  
13 accountant in the firm who has ultimate responsibility for each attest  
14 engagement. On all firm applications and renewal forms, a licensee  
15 shall be designated as responsible and in charge of all professional  
16 matters relating to the practice of accountancy by the registered firm.  
17 Each resident manager in charge of a practice unit of a firm in this  
18 State and each owner thereof, other than a nonlicensee, personally  
19 engaged within this State in the practice of public accounting shall be  
20 a public accountant or a certified public accountant of this State in  
21 good standing and licensed to practice public accountancy in this  
22 State.

23 b. Application for registration of a firm shall be made upon the  
24 affidavit of an owner of the firm who is a public accountant or certified  
25 public accountant of this State in good standing and licensed to  
26 practice public accountancy in this State. The board shall in each case  
27 determine whether the applicant is eligible for registration. A firm  
28 which is so registered may use the words "public accountant" or the  
29 abbreviation "PAs" in connection with its firm name. Notification shall  
30 be given to the board within 90 days after admission or withdrawal of  
31 an owner licensed and practicing in this State from any firm so  
32 registered.

33 (cf: P.L.1999, c.215, s.3)

34

35 8. Section 21 of P.L.1997, c.259 (C.45:2B-62) is amended to read  
36 as follows:

37 21. a. No person shall use or assume the title or designation  
38 "certified public accountant," or the abbreviation "CPA" or any other  
39 title, designation, words, letters, abbreviation, sign, card, or device  
40 tending to indicate that the person is a certified public accountant  
41 unless that person holds a current license as a certified public  
42 accountant under this act.

43 b. No firm shall [assume or] use or assume the title or designation  
44 "certified public accountant," or the abbreviation "CPA," unless  
45 otherwise provided for by law, or any other title, designation, words,  
46 letters, abbreviation, sign, card, or device tending to indicate that the

1 firm is composed of certified public accountants, unless the firm holds  
2 a **[valid]** current registration issued under this act **[**, except that a  
3 financial services firm, the voting stock of which is traded on a  
4 recognized exchange or over the counter, shall not, solely by reason  
5 of any of its duly licensed employees holding themselves out as  
6 "certified public accountants," be deemed to be holding itself out as a  
7 firm of "certified public accountants"]

8 c. No **[individual]** person shall **[assume or]** use or assume the title  
9 or designation "public accountant," or the abbreviation "PA," or any  
10 other title, designation, words, letters, abbreviation, sign, card, or  
11 device tending to indicate that the person is a public accountant unless  
12 that **[individual]** person holds a **[valid registration]** current license as  
13 a public accountant **[as provided]** under this act.

14 d. No firm shall **[assume or]** use or assume the title or designation  
15 "public accountant," or the abbreviation "PA," unless otherwise  
16 provided for by law, or any other title, designation, words, letters,  
17 abbreviation, sign, card, or device tending to indicate that the firm is  
18 composed of public accountants, unless the firm holds a **[valid]**  
19 current registration issued under this act.

20 e. No person or firm shall **[assume or]** use or assume the title or  
21 designation "certified accountant," "chartered accountant," enrolled  
22 accountant," "licensed accountant," "registered accountant,"  
23 "accredited accountant," or any other title or designation likely to be  
24 confused with the titles "certified public accountant" or "public  
25 accountant," or use any of the abbreviations "CA," "LA," "RA," "AA,"  
26 or similar abbreviations likely to be confused with the abbreviations  
27 "CPA" or "PA," unless that person or firm holds a **[valid]** current  
28 license or registration issued under this act.

29 f. No person or firm shall **[assume or]** use or assume the title  
30 "enrolled agent" or "EA," unless so designated by the Internal Revenue  
31 Service.

32 g. No person or firm shall **[assume or]** use or assume any title or  
33 designation that includes the words "accountant," "auditor," or  
34 "accounting" in connection with any other language, including the  
35 language of a report, that implies that the person or firm holds such a  
36 certificate, permit, or registration or has special competence as an  
37 accountant or auditor, unless that person or firm holds a **[valid]**  
38 current license or registration issued under this act, except that this  
39 subsection shall not prohibit any officer, partner, member, manager, or  
40 employee of any firm or organization from affixing that person's own  
41 signature to any statement in reference to the financial affairs of that  
42 firm or organization with any wording designating the positions, title,  
43 or office that the person holds in the firm or organization, nor shall  
44 this subsection prohibit any act of a public official or employee in the  
45 performance of the person's duties.

1 h. No person holding a license or firm holding a registration under  
2 this act shall engage in the practice of public accountancy using a  
3 professional or firm name or designation that is misleading with regard  
4 to the form in which the firm is organized, or about the persons who  
5 are partners, officers, members, managers or shareholders of the firm,  
6 or about any other matter, except that names of one or more former  
7 partners, members, managers, or shareholders may be included in the  
8 name of a firm or its successor.

9 i. The provisions of this section shall not apply to a person or firm  
10 holding a certification, designation, degree, or license granted in a  
11 foreign country, entitling the holder thereof to engage in the practice  
12 of public accountancy or its equivalent in that country, whose  
13 activities in this State are limited to the provision of professional  
14 services to persons or firms who are residents of, governments of, or  
15 business entities of the country in which the person holds that  
16 entitlement, so long as that person or firm issues no reports with  
17 respect to the financial statements of any other persons, firms, or  
18 governmental units in this State, and does not use in this State any  
19 titles or designation other than the one under which the person  
20 practices in the foreign country, followed by a translation of that title  
21 or designation into the English language, if it is in a different language,  
22 and by the name of that country.

23 j. A financial services corporation, the voting stock of which is  
24 traded on a recognized exchange or over-the-counter, may use the  
25 truthful fact in advertising that the firm employs certified public  
26 accountants.

27 (cf: P.L.1999, c.215, s.4)

28  
29 9. Section 29 of P.L.1997, c.259 (C.45:2B-70) is amended to read  
30 as follows:

31 29. A certified public accountant or public accountant holding an  
32 active license shall qualify as a registered municipal accountant by  
33 passing a registered municipal accountant's examination. Only a  
34 [certified public accountant licensed in this State or a] registered  
35 municipal accountant licensed in this State [prior to 1985] shall  
36 undertake the work of auditing the financial statements of any  
37 municipality or county. [Such an individual shall qualify as a  
38 registered municipal accountant (RMA) of New Jersey by passing a  
39 registered municipal accountant's examination and by subscribing to  
40 the following declaration:

41 a. That the individual is fully acquainted with the laws controlling  
42 and governing the finances of municipalities and counties of New  
43 Jersey; and

44 b. That the individual will honestly and faithfully audit the books  
45 and accounts of a municipality or county when engaged to do so, and  
46 report any error, omission, irregularity, violation of law, discrepancy

1 or other nonconformity to the law, together with his recommendations  
2 to the governing body of that municipality or county.]

3 The board shall make all rules governing examinations and the  
4 issuance of licenses to registered municipal accountants.

5 The registration fee for [a certified public accountant, duly licensed  
6 under this act, to practice as] a registered municipal accountant of  
7 New Jersey[, ] shall be established by the board, and shall be imposed  
8 for each triennial registration.

9 (cf: P.L.1997, c.259, s.29)

10

11 10. Section 32 of P.L.1997, c.259 (C.45:2B-73) is amended to  
12 read as follows:

13 32. Any person who undertakes the work of auditing the  
14 [accounts] financial statements of any school district in New Jersey  
15 shall qualify as a public school accountant (PSA) by:

16 a. Submitting an application to the board, demonstrating  
17 satisfactorily to the board that the individual holds [a current and  
18 valid] an active license in New Jersey as a certified public accountant,  
19 public accountant, or registered municipal accountant, and paying the  
20 required fee; and

21 b. Renewing the license triennially and paying the required fee [;  
22 and

23 c. Subscribing that the individual: (1) is fully acquainted with the  
24 laws controlling and governing the finances of school districts of New  
25 Jersey; and (2) will honestly and faithfully audit the books and  
26 accounts of any school district when engaged to do so, and report any  
27 error, omission, irregularity, violation of law, discrepancy or other  
28 nonconformity to the law, together with recommendations to the board  
29 of education in charge of that school district].

30 (cf: P.L.1997, c.259, s.32)

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32 11. This act shall take effect immediately.

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## STATEMENT

36

37 This bill provides that applicants for licensure as a certified public  
38 accountant are not required to complete the 150 semester hours of  
39 education to sit for the licensure examination if they apply before July  
40 1, 2005 and have a baccalaureate degree, but they must satisfactorily  
41 complete these semester hours before they may be licensed.

42 The bill makes many clarifying and technical amendments to the  
43 current law; defines "compilation;" and provides that certified public  
44 accountants or public accountants must pass a registered municipal  
45 accountant's examination to qualify as a registered municipal



1 accountant to undertake the work of auditing the financial statements  
2 of municipalities and counties.

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7 Modifies requirements to be licensed as a certified public accountant.

## CHAPTER 149

AN ACT concerning the practice of public accountancy and amending P.L.1997, c.259 and P.L.1999, c.215.

**BE IT ENACTED** by the Senate and General Assembly of the State of New Jersey:

1. Section 3 of P.L.1997, c.259 (C.45:2B-44) is amended to read as follows:

C.45:2B-44 Definitions relative to the practice of accounting.

3. As used in this act:

"Attest" means providing any of the following financial statement services: any audit or other engagement to be performed in accordance with the Statements on Auditing Standards (SAS); any review of a financial statement to be performed in accordance with the Statements on Standards for Accounting and Review Services (SSARS); or any examination of prospective financial information to be performed in accordance with the Statements on Standards for Attestation Engagements (SSAE). The statements on standards specified herein shall be adopted by regulation by the board and shall be in accordance with standards developed for general application by recognized national accountancy organizations such as the American Institute of Certified Public Accountants.

"Board" means the New Jersey State Board of Accountancy.

"Compilation" means providing a service, to be performed in accordance with Statements on Standards for Accounting and Review Services (SSARS), by presenting, in the form of financial statements, information that is the representation of management or owners without undertaking to express any assurance on the statements.

"Financial statements" means statements and related footnotes that purport to present an actual or a prospective financial position at a particular time, or results of operations, cash flow, or changes in financial position for a period of time, in conformity with generally accepted accounting principles or another comprehensive basis of accounting. The term includes specific elements, accounts or items of such statements, but does not include: incidental financial data included in management advisory service reports to support recommendations to a client; or tax returns and supporting schedules.

"Firm" means a sole proprietorship, a professional corporation, a partnership, a limited liability company, a limited liability partnership, or any other lawful form of business organization.

"License" means a license or registration issued to an individual or firm permitting the individual or firm to practice public accountancy.

"Licensee" means the holder of a license issued pursuant to this act.

"Manager" means a manager of a limited liability company.

"Member" means a member of a limited liability company.

"Nonlicensee" means a person not licensed as a certified public accountant or a public accountant of any state or possession of the United States or the District of Columbia.

"Owner of a firm" means any person with an equity or equivalent interest in a firm, such as a shareholder with respect to a corporation or a partner with respect to a partnership, or an individual with respect to a sole proprietorship.

"Practice of public accountancy" means the performance or the offering to perform attest services for a client or potential client, by a licensee or registered firm. The "practice of public accountancy" also means the performance or the offering to perform by a licensee of one or more of the following: a compilation of a financial statement to be performed in accordance with SSARS, management advisory, financial advisory or consulting services, or the preparation of tax returns or the furnishing of advice on tax matters.

"Practice unit" means any office of a firm registered with the board to engage in the practice of public accountancy in the State of New Jersey.

"Quality review" means a study, appraisal or review of one or more aspects of the professional work of a licensee or registered firm that performs attest or compilation services, by a person who is a certified public accountant or public accountant and who is not affiliated with the licensee or registered firm being reviewed.

"Report" when used with reference to financial statements, means an opinion, report, or other form of language that states or implies assurance as to the reliability of any financial statement

and that also includes or is accompanied by any statement or implication that the person or firm issuing it has special knowledge or competence in accounting or auditing. Such a statement or implication of special knowledge or competence may arise from use by the issuer of the report of names or titles indicating that the person or firm is an accountant or auditor, or from the language of the report itself. The term "report" includes any form of language which disclaims an opinion when that form of language is conventionally understood to imply any positive assurance as to the reliability of the financial statement referred to or special competence on the part of the person or firm issuing that language, or both; and it includes any other form of language that is conventionally understood to imply that assurance or that special knowledge or competence, or both.

2. Section 5 of P.L.1997, c.259 (C.45:2B-46) is amended to read as follows:

C.45:2B-46 Membership; terms; vacancies; removal.

5. The board shall consist of 12 members, seven of whom shall have been engaged in practice as certified public accountants and two of whom shall have been engaged in practice as public accountants in this State, two of whom shall be public members and one of whom shall be a State executive department member. Each certified public accountant board member and public accountant board member shall maintain an active license in New Jersey during his term of service on the board. Each certified public accountant member, public accountant member, and public member shall be appointed by the Governor for a term of three years and shall hold office until reappointed or a successor is appointed and qualified. Any vacancy on the board shall be filled by the Governor for the unexpired term only.

The public members and the State executive department member shall be appointed by the Governor in accordance with and subject to the provisions of P.L.1971, c.60 (C.45:1-2.1 et seq.).

Except for the State executive department member, no member may serve more than two successive terms in addition to any unexpired term to which he has been appointed, except that any member who has served two such successive terms may be reappointed after an intervening period of one year.

The Governor may remove any member of the board, other than the State executive department member, for cause, upon notice and opportunity to be heard.

3. Section 8 of P.L.1997, c.259 (C.45:2B-49) is amended to read as follows:

C.45:2B-49 Application for licensure; requirements.

8. Every applicant for examination for licensure as a certified public accountant shall present to the board a written application on a form to be provided by the board, together with the required fee, and satisfactory proof of the following:

- a. That the applicant is at least 18 years of age;
- b. That the applicant is of good moral character; and
- c. That the applicant has at least 150 semester hours of education, including a baccalaureate or higher degree or its equivalent, from an institution of higher education accredited by a regional accrediting agency recognized by the Commission on Higher Education. The educational program shall include a concentration in accounting or its equivalent and related professional courses as determined by regulation of the board.

Notwithstanding the provisions of subsection c. of this section, an applicant who applies prior to July 1, 2005 shall qualify for examination for licensure if he has a baccalaureate degree or its equivalent from an institution of higher education acceptable to the board; provided, however, that no applicant shall be issued a license unless he has successfully completed at least the 150 semester hours of education required pursuant to subsection c. of this section.

4. Section 12 of P.L.1997, c.259 (C.45:2B-53) is amended to read as follows:

C.45:2B-53 Waiving of examination.

12. a. The board may waive the examination of, and issue a license to, any person who is of good moral character, and who, at the time of his application, holds a valid and unrevoked license as a certified public accountant issued by or under the authority of any state or possession of the United States or the District of Columbia which has education, experience, examination and re-examination requirements which are substantially equivalent to the requirements of this act and the regulations promulgated pursuant to this act for the issuance of a license as a certified public accountant.

b. The board may waive the examination of, and issue a license to, an applicant who within 10 years immediately preceding the date of application has held a valid and unrevoked license as a certified public accountant issued by or under the authority of any state or possession of the United States or the District of Columbia, and who has had four years of experience outside of this State of the type described in subsection a. of section 10 of P.L.1997, c. 259 (C.45:2B-51), or meets equivalent requirements prescribed by the board by regulation, after passing the examination upon which the applicant's license was based with grades that would have been passing grades at the time in this State. If an applicant's certificate, license or permit was issued no less than six years prior to the application for issuance of an initial license under this section, that applicant shall have also fulfilled the requirements of continuing professional education that would have been applicable under the rules of this State to be eligible for licensure under the provisions of subsection a. of section 27 of P.L.1997, c.259 (C.45:2B-68).

c. The board shall issue a license as a certified public accountant to a holder of a foreign designation, granted in a foreign country entitling the holder thereof to engage in the practice of public accountancy if:

(1) The foreign authority which granted the designation makes similar provision to allow a person who holds a valid license issued by this State to obtain that foreign authority's comparable designation; and

(2) The foreign designation:

(a) was duly issued by a foreign authority that regulates the practice of public accountancy and the foreign designation has not expired or been revoked or suspended;

(b) entitles the holder to issue reports upon a financial statement; and

(c) was issued upon the basis of educational, examination, and experience requirements established by the foreign authority or by law; and

(3) The applicant:

(a) received the designation, based on educational and examination standards substantially equivalent to those in effect in this State, at the time the foreign designation was granted;

(b) completed an experience requirement, substantially equivalent to the requirement set out in section 10 of this act, in the jurisdiction which granted the foreign designation, or has completed four years of experience of the type described in subsection a. of section 10 of P.L.1997, c.259 (C.45:2B-51); or meets equivalent requirements prescribed by the board, within the 10 years immediately preceding the application; and

(c) passed a uniform qualifying examination in national standards acceptable to the board and an examination on the laws, regulations and code of ethical conduct in effect in this State.

An applicant seeking licensure under this subsection shall in the application list all jurisdictions, foreign and domestic, in which the applicant has applied for or holds a designation to practice public accountancy, and each holder of a license issued under this subsection shall notify the board in writing, within thirty days after its occurrence, of any issuance, denial, revocation or suspension of a designation or commencement of a disciplinary or enforcement action by any jurisdiction.

5. Section 13 of P.L.1997, c.259 (C.45:2B-54) is amended to read as follows:

C.45:2B-54 Requirements for registration as firm of certified public accountants.

13. a. A firm engaged in this State in the practice of attest services shall be required to register with the board as a firm of certified public accountants. A firm engaged in the practice of public accountancy, but not performing attest services, shall be eligible to register with the board as a firm of certified public accountants. In either case, the firm shall meet the following

requirements:

(1) At least one owner of the firm shall be a certified public accountant in good standing, and licensed to practice public accountancy in this State;

(2) Each owner of the firm, other than a nonlicensee, shall be a certified public accountant of any state or possession of the United States or the District of Columbia in good standing, and licensed to practice public accountancy where licensed;

(3) There shall be a certified public accountant in the firm who has ultimate responsibility for each attest engagement. On all firm applications and renewal forms, a licensee shall be designated as responsible and in charge of all professional matters relating to the practice of accountancy by the registered firm. Each resident manager in charge of a practice unit of a firm in this State and each owner thereof, other than a nonlicensee, personally engaged within this State in the practice of public accountancy shall be a certified public accountant in good standing, and licensed to practice public accountancy in this State.

b. Application for registration of a firm shall be made upon the affidavit of an owner of the firm who is a certified public accountant in good standing and licensed to practice public accountancy in this State. The board shall in each case determine whether the applicant is eligible for registration. A firm which is so registered may use the words "certified public accountant" or the abbreviation "CPAs" in connection with its firm name. Notification shall be given to the board within 90 days after admission or withdrawal of an owner licensed and practicing in this State from any firm so registered.

6. Section 5 of P.L.1999, c.215 (C.45:2B-54.1) is amended to read as follows:

C.45:2B-54.1 Requirements for non-licensed owners.

5. a. A firm registered under P.L. 1997, c.259 (C.45:2B-42 et seq.) as a firm of certified public accountants or public accountants may have owners who are not licensed as certified public accountants or public accountants if it meets the following requirements:

(1) Nonlicensee owners shall be natural persons or entities, including, but not limited to, partnerships and professional corporations, provided that each ultimate beneficial owner of an equity interest in that entity shall be a natural person materially participating in the business conducted by the firm or entity affiliated with the firm;

(2) The ownership interest of nonlicensee owners shall revert to the firm upon the cessation of any material participation by the nonlicensee owner in the business conducted by the firm or entity;

(3) Persons who are licensed to practice public accountancy in any state or possession of the United States or the District of Columbia shall in the aggregate, directly or beneficially, comprise not less than half of the owners, hold more than half of the equity capital, and possess majority voting rights of the firm; and

(4) Nonlicensee owners shall not hold themselves out as certified public accountants or public accountants.

b. Except as otherwise permitted by the board, a person shall not become a nonlicensee owner or remain a nonlicensee owner if the person has:

(1) Been convicted of any crime, an element of which is dishonesty or fraud, under the laws of this State or any other state, of the United States, or of any other jurisdiction. A conviction includes the initial plea, verdict, or finding of guilty, pleas of no contest, or pronouncement of sentence by a trial court, notwithstanding that conviction may not be final or sentence actually imposed until appeals are exhausted;

(2) Had a professional license or the right to practice revoked or suspended for reasons other than nonpayment of fees, or has voluntarily surrendered a license or right to practice with disciplinary charges or a disciplinary investigation pending, which license or right to practice has not been reinstated by a licensing agency of this State or any other state, of the United States, or of any other jurisdiction;

(3) Been in violation of P.L.1997, c.259 (C.45:2B-42 et seq.) or any regulation promulgated by the board under that act.

c. A nonlicensee owner of a licensed firm shall report to the board in writing of the

occurrence of any of the events set forth in subsection b. of this section within 30 days of the date the nonlicensee owner has knowledge of the event. The report shall identify the event by the name of the agency or court, the title of the matter, the docket number, and the date of occurrence of the event.

7. Section 14 of P.L.1997, c.259 (C.45:2B-55) is amended to read as follows:

C.45:2B-55 Requirements for registration as firm of public accountants.

14. a. A firm engaged in this State in the practice of attest services shall be required to register with the board as a firm of public accountants. A firm engaged in the practice of public accountancy, but not performing attest services, shall be eligible to register with the board as a firm of public accountants. In either case, the firm shall meet the following requirements:

(1) At least one owner of a firm shall be a public accountant or certified public accountant in good standing, and licensed to practice public accountancy in this State;

(2) Each owner of the firm, other than a nonlicensee, shall be a public accountant or certified public accountant of any state or possession of the United States or the District of Columbia in good standing, and licensed to practice public accountancy where licensed;

(3) There shall be a public accountant or certified public accountant in the firm who has ultimate responsibility for each attest engagement. On all firm applications and renewal forms, a licensee shall be designated as responsible and in charge of all professional matters relating to the practice of accountancy by the registered firm. Each resident manager in charge of a practice unit of a firm in this State and each owner thereof, other than a nonlicensee, personally engaged within this State in the practice of public accounting shall be a public accountant or a certified public accountant of this State in good standing and licensed to practice public accountancy in this State.

b. Application for registration of a firm shall be made upon the affidavit of an owner of the firm who is a public accountant or certified public accountant of this State in good standing and licensed to practice public accountancy in this State. The board shall in each case determine whether the applicant is eligible for registration. A firm which is so registered may use the words "public accountant" or the abbreviation "PAs" in connection with its firm name. Notification shall be given to the board within 90 days after admission or withdrawal of an owner licensed and practicing in this State from any firm so registered.

8. Section 21 of P.L.1997, c.259 (C.45:2B-62) is amended to read as follows:

C.45:2B-62 Use of title, designation requires licensure, registration; exceptions.

21. a. No person shall use or assume 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 person is a certified public accountant unless that person holds a current license as a certified public accountant under this act.

b. No firm shall use or assume the title or designation "certified public accountant," or the abbreviation "CPA," unless otherwise provided for by law, or any other title, designation, words, letters, abbreviation, sign, card, or device tending to indicate that the firm is composed of certified public accountants, unless the firm holds a current registration issued under this act.

c. No person shall use or assume the title or designation "public accountant," or the abbreviation "PA," or any other title, designation, words, letters, abbreviation, sign, card, or device tending to indicate that the person is a public accountant unless that person holds a current license as a public accountant under this act.

d. No firm shall use or assume the title or designation "public accountant," or the abbreviation "PA," unless otherwise provided for by law, or any other title, designation, words, letters, abbreviation, sign, card, or device tending to indicate that the firm is composed of public accountants, unless the firm holds a current registration issued under this act.

e. No person or firm shall use or assume the title or designation "certified accountant," "chartered accountant," "enrolled accountant," "licensed accountant," "registered accountant," "accredited accountant," or any other title or designation likely to be confused with the titles

"certified public accountant" or "public accountant," or use any of the abbreviations "CA," "LA," "RA," "AA," or similar abbreviations likely to be confused with the abbreviations "CPA" or "PA," unless that person or firm holds a current license or registration issued under this act.

f. No person or firm shall use or assume the title "enrolled agent" or "EA," unless so designated by the Internal Revenue Service.

g. No person or firm shall use or assume any title or designation that includes the words "accountant," "auditor," or "accounting" in connection with any other language, including the language of a report, that implies that the person or firm holds such a certificate, permit, or registration or has special competence as an accountant or auditor, unless that person or firm holds a current license or registration issued under this act, except that this subsection shall not prohibit any officer, partner, member, manager, or employee of any firm or organization from affixing that person's own signature to any statement in reference to the financial affairs of that firm or organization with any wording designating the positions, title, or office that the person holds in the firm or organization, nor shall this subsection prohibit any act of a public official or employee in the performance of the person's duties.

h. No person holding a license or firm holding a registration under this act shall engage in the practice of public accountancy using a professional or firm name or designation that is misleading with regard to the form in which the firm is organized, or about the persons who are partners, officers, members, managers or shareholders of the firm, or about any other matter, except that names of one or more former partners, members, managers, or shareholders may be included in the name of a firm or its successor.

i. The provisions of this section shall not apply to a person or firm holding a certification, designation, degree, or license granted in a foreign country, entitling the holder thereof to engage in the practice of public accountancy or its equivalent in that country, whose activities in this State are limited to the provision of professional services to persons or firms who are residents of, governments of, or business entities of the country in which the person holds that entitlement, so long as that person or firm issues no reports with respect to the financial statements of any other persons, firms, or governmental units in this State, and does not use in this State any titles or designation other than the one under which the person practices in the foreign country, followed by a translation of that title or designation into the English language, if it is in a different language, and by the name of that country.

j. A financial services corporation, the voting stock of which is traded on a recognized exchange or over-the-counter, may use the truthful fact in advertising that the firm employs certified public accountants.

9. Section 29 of P.L.1997, c.259 (C.45:2B-70) is amended to read as follows:

C.45:2B-70 Requirement, for qualification as registered municipal accountant.

29. A certified public accountant or public accountant holding an active license shall qualify as a registered municipal accountant by passing a registered municipal accountant's examination. Only a registered municipal accountant licensed in this State shall undertake the work of auditing the financial statements of any municipality or county.

The board shall make all rules governing examinations and the issuance of licenses to registered municipal accountants.

The registration fee for a registered municipal accountant of New Jersey shall be established by the board, and shall be imposed for each triennial registration.

10. Section 32 of P.L.1997, c.259 (C.45:2B-73) is amended to read as follows:

C.45:2B-73 Qualification as public school accountant.

32. Any person who undertakes the work of auditing the financial statements of any school district in New Jersey shall qualify as a public school accountant (PSA) by:

a. Submitting an application to the board, demonstrating satisfactorily to the board that the individual holds an active license in New Jersey as a certified public accountant, public accountant, or registered municipal accountant, and paying the required fee; and

b. Renewing the license triennially and paying the required fee.

11. This act shall take effect immediately.

Approved July 10, 2001.



PO BOX 004  
TRENTON, NJ 08625

*Office of the Governor*  
**NEWS RELEASE**

CONTACT: Tom Wilson  
609-777-2600

RELEASE: July 10 , 2001

Acting Governor Donald T. DiFrancesco signed the following legislation today:

**A-3081**, sponsored by Senate Majority Leader John Bennett (R-Monmouth) and Senator Diane Allen (R-Burlington/Camden) and Assemblymen John Kelly (R-Bergen/Essex/Passaic) and Kevin O'Toole (R-Essex/Union), provides for oversight of "The Home Warranty and Builders' Relocation Act," a state administered program that provides buyers of new homes with warranty protection against defects in the construction or quality of the structural elements of their new home.

The bill also establishes a Board of Trustees to monitor and report on the financial performance of the fund.

**S-1679**, sponsored by Senator Ronald Rice (D-Essex) and Assemblyman Guy Talarico (R-Bergen), clarifies that the five-day grace period granted on the payment of rent to senior citizen lessees who are receiving Social Security Old Age Pension, Railroad Retirement Pensions or other governmental pension does not include Saturdays, Sundays or holidays. The bill also extends application of the grace period to lessees who are disabled.

**S-2155**, sponsored by Senators Walter Kavanaugh (R-Morris/Somerset) and John Lynch (D-Middlesex/Somerset/Union), permits judges of the former county court, county juvenile and domestic relations court and county district court who resigned in good standing to perform marriages.

**A-1152**, sponsored by Senator Norman Robertson (R-Essex/Passaic) and Assemblymen Scott Garrett (R-Sussex/Hunterdon/Morris) and Guy Gregg (R-Sussex/Hunterdon/Morris), clarifies that a trust established for the care of a pet is valid in this state.

**A-2267**, sponsored by Senator Gerald Cardinale (R-Bergen) and Assemblymen Kip Bateman (R-Morris/Somerset) and Rudy Garcia (D-Hudson), clarifies that the provisions of the "Spill Compensation and Control Act," concerning underground storage tanks applies to one or more storage tanks.

**A-2934**, sponsored by Senator Andrew Ciesla (R-Monmouth/Ocean) and Assemblymen James Holzapfel (R-Monmouth/Ocean) and David Wolfe (R-Monmouth/Ocean), authorizes a school district to enter into a 10-year lease-purchase agreement for the acquisition of school buses.

**A-3098**, sponsored by Senator Anthony Bucco (R-Morris) and Assemblymen Richard Merkt (R-Morris) and David Wolfe (R-Monmouth/Ocean), expands the meaning of

public library under the Public Library Project Grant Program to include association libraries, thereby allowing them to apply for funds under the program.

**A-3536**, sponsored by Senator Peter Inverso (R-Mercer/Middlesex) and Assemblymen James Holzapfel (R-Monmouth/Ocean) and Anthony Impreveduto (D-Bergen/Hudson), modifies the requirements to be eligible to take the public accountant certification examination such as, allowing applicants to take the licensure examination prior to completing the 150 semester hours of education if they apply before July 1, 2005 and have a baccalaureate degree and providing that certified public accountants must pass a registered municipal accountant's examination to qualify as a registered municipal accountant to undertake the work of auditing the financial statements of municipalities and counties.