

45:2B-44

LEGISLATIVE HISTORY CHECKLIST

Compiled by the NJ State Law Library

LAWS OF: 1999 **CHAPTER:** 215

NJSA: 45:2B-44 (Accountants – licensure)

BILL NO: S1925 (Substituted for A3081)

SPONSOR(S): Inverso

DATE INTRODUCED: May 24, 1999

COMMITTEE: **ASSEMBLY:** ----

SENATE: Commerce

AMENDED DURING PASSAGE: Yes

DATE OF PASSAGE: **ASSEMBLY:** June 24, 1999

SENATE: June 24, 1999

DATE OF APPROVAL: September 20, 1999

FOLLOWING ARE ATTACHED IF AVAILABLE:

FINAL TEXT OF BILL: 1st Reprint
(Amendments during passage denoted by superscript numbers)

S1925

SPONSORS STATEMENT: (Begins on page 8 of original bill) [Yes](#)

COMMITTEE STATEMENT: **ASSEMBLY:** No

SENATE: [Yes](#)

FLOOR AMENDMENT STATEMENTS: No

LEGISLATIVE FISCAL ESTIMATE: No

A3081

SPONSORS STATEMENT: (Begins on page 8 of original bill) [Yes](#)

COMMITTEE STATEMENT: **ASSEMBLY:** [Yes](#)

SENATE: No

FLOOR AMENDMENT STATEMENTS: [Yes](#) 5-10-99
[Yes](#) 6-14-99

LEGISLATIVE FISCAL ESTIMATE: No

VETO MESSAGE: No

GOVERNOR'S PRESS RELEASE ON SIGNING: [Yes](#)

FOLLOWING WERE PRINTED:

To check for circulating copies, contact New Jersey State Government Publications at the State Library (609) 278-2640 ext. 102 or refdesk@njstatelib.org

REPORTS:

No

HEARINGS:

No

NEWSPAPER ARTICLES:

No

P.L. 1999, CHAPTER 215, *approved September 20, 1999*
Senate, No. 1925 (*First Reprint*)

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

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

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

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

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

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

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

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.

Matter enclosed in superscript numerals has been adopted as follows:

¹ Senate SCM committee amendments adopted June 7, 1999.

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

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

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

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

10 "Practice of public accountancy" or "practicing public accountancy"
11 means the performance or the offering to perform attest services, by
12 a person or firm holding itself out to the public for a client or potential
13 client **],** of one or more kinds of services involving the use of
14 accounting or auditing skills, including the preparation of financial
15 statements or the issuance of reports on financial statements;**]** or the
16 performance as a licensee of one or more ¹**["kinds"]**¹ of ¹the following:
17 a compilation of a financial statement to be performed in accordance
18 with SSARS,¹ management advisory, financial advisory or consulting
19 services, or the preparation of tax returns or the furnishing of advice
20 on tax matters. ¹A compilation to be performed in accordance with
21 SSARS shall be allowed on or after the 180th day following the
22 effective date of this amendatory and supplementary act.¹

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

26 "Quality review" means a study, appraisal or review of one or more
27 aspects of the professional work of a person or firm in the practice of
28 public accountancy, by a person who is a certified public accountant
29 or public accountant and who is not affiliated with the person or firm
30 being reviewed.

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

1 assurance or that special knowledge or competence, or both.
2 (cf: P.L.1997, c.259, s.3)

3
4 2. Section 13 of P.L.1997, c.259 (C.45:2B-54) is amended to read
5 as follows:

6 13. a. A firm engaged in this State in the practice of ¹~~["public~~
7 ~~accountancy"]~~ attest services¹ shall be ¹~~["eligible"]~~ required¹ to register
8 with the board as a firm of certified public accountants ¹~~["if it meets"]~~
9 and meet¹ the following requirements:

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

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

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

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

35 (cf: P.L.1997, c.259, s.13)

36
37 3. Section 14 of P.L.1997, c.259 (C.45:2B-55) is amended to read
38 as follows:

39 14. a. A firm engaged in this State in the practice of public
40 accountancy shall be eligible to register with the board as a firm of
41 public accountants if it meets the following requirements:

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

45 (2) Each owner of the firm, other than a nonlicensee, shall be a
46 public accountant of ~~["some"]~~ any state or possession of the United

1 States or the District of Columbia in good standing, and licensed to
2 practice public accountancy **【in that state】** where licensed, except that
3 nothing in this section shall preclude a certified public accountant from
4 being an owner of a firm of public accountants;

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

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

24 (cf: P.L.1997, c.259, s.14)

25
26 4. Section 21 of P.L.1997, c.259 (C.45:2B-62) is amended to read
27 as follows:

28 21. a. No person shall use or assume the title or designation
29 "certified public accountant," or the abbreviation "CPA" or any other
30 title, designation, words, letters, abbreviation, sign, card, or device
31 tending to indicate that the person is a certified public accountant
32 unless that person holds a current license as a certified public
33 accountant under this act.

34 b. No firm shall assume or use the title or designation "certified
35 public accountant," or the abbreviation "CPA," unless otherwise
36 provided for by law, or any other title, designation, words, letters,
37 abbreviation, sign, card, or device tending to indicate that the firm is
38 composed of certified public accountants, unless the firm holds a valid
39 registration issued under this act **【**, and all partners, officers, members,
40 managers and shareholders of the firm hold licenses as certified public
41 accountants**】**, except that a financial services firm, the voting stock of
42 which is traded on a recognized exchange or over the counter, shall
43 not, solely by reason of any of its duly licensed employees holding
44 themselves out as "certified public accountants," be deemed to be
45 holding itself out as a firm of "certified public accountants".

46 c. No individual shall assume or use the title or designation "public

1 accountant," or the abbreviation "PA," or any other title, designation,
2 words, letters, abbreviation, sign, card, or device tending to indicate
3 that the person is a public accountant unless that individual holds a
4 valid registration as a public accountant as provided under this act.

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

11 e. No person or firm shall assume or use the title or designation
12 "certified accountant," "chartered accountant," enrolled accountant,"
13 "licensed accountant," "registered accountant," "accredited
14 accountant," or any other title or designation likely to be confused
15 with the titles "certified public accountant" or "public accountant," or
16 use any of the abbreviations "CA," "LA," "RA," "AA," or similar
17 abbreviations likely to be confused with the abbreviations "CPA" or
18 "PA," unless that person or firm holds a valid license or registration
19 issued under this act.

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

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

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

44 i. The provisions of this section shall not apply to a person or firm
45 holding a certification, designation, degree, or license granted in a
46 foreign country, entitling the holder thereof to engage in the practice

1 of public accountancy or its equivalent in that country, whose
2 activities in this State are limited to the provision of professional
3 services to persons or firms who are residents of, governments of, or
4 business entities of the country in which the person holds that
5 entitlement, so long as that person or firm issues no reports with
6 respect to the financial statements of any other persons, firms, or
7 governmental units in this State, and does not use in this State any
8 titles or designation other than the one under which the person
9 practices in the foreign country, followed by a translation of that title
10 or designation into the English language, if it is in a different language,
11 and by the name of that country.

12 (cf: P.L.1997, c.259, s.21)

13

14 5. (New section) a. A firm lawfully engaged in this State in the
15 practice of public accountancy may have owners who are not licensed
16 as certified public accountants or public accountants if it meets the
17 following requirements:

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

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

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

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

33 ¹A financial services corporation the voting stock of which is traded
34 on a recognized exchange or over the counter, may use the truthful
35 fact in advertising that the firm employs certified public accountants.¹

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

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

46 (2) Had a professional license or the right to practice revoked or

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

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

8 c. A nonlicensee owner of a licensed firm shall report to the board
9 in writing of the occurrence of any of the events set forth in subsection
10 b. of this section within 30 days of the date the nonlicensee owner has
11 knowledge of the event. The report shall identify the event by the
12 name of the agency or court, the title of the matter, the docket
13 number, and the date of occurrence of the event.

14

15 6. This act shall take effect on the 90th day after enactment.

16

17

18

19

20 _____
Revises certain licensure requirements for certain accountants.

SENATE, No. 1925

STATE OF NEW JERSEY 208th LEGISLATURE

INTRODUCED MAY 24, 1999

Sponsored by:

Senator PETER A. INVERSO
District 14 (Mercer and Middlesex)

Co-Sponsored by:

Senators Cardinale, Palaia, Singer and Furnari

SYNOPSIS

Revises certain licensure requirements for certain accountants.

CURRENT VERSION OF TEXT

As introduced.



(Sponsorship Updated As Of: 5/25/1999)

S1925 INVERSO

2

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

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

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

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

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

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

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

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

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

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

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.

S1925 INVERSO

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

5 "Practice of public accountancy" or "practicing public accountancy"
6 means the performance or the offering to perform attest services, by
7 a person or firm holding itself out to the public for a client or potential
8 client **],** of one or more kinds of services involving the use of
9 accounting or auditing skills, including the preparation of financial
10 statements or the issuance of reports on financial statements;**]** or the
11 performance as a licensee of one or more kinds of management
12 advisory, financial advisory or consulting services, or the preparation
13 of tax returns or the furnishing of advice on tax matters.

14 "Practice unit" means any office of a firm **[practicing]** registered
15 with the board to engage in the practice of public accountancy in the
16 State of New Jersey.

17 "Quality review" means a study, appraisal or review of one or more
18 aspects of the professional work of a person or firm in the practice of
19 public accountancy, by a person who is a certified public accountant
20 or public accountant and who is not affiliated with the person or firm
21 being reviewed.

22 "Report" when used with reference to financial statements, means
23 an opinion, report, or other form of language that states or implies
24 assurance as to the reliability of any financial statement and that also
25 includes or is accompanied by any statement or implication that the
26 person or firm issuing it has special knowledge or competence in
27 accounting or auditing, such as a statement or implication of special
28 knowledge or competence in accounting or auditing. Such a statement
29 or implication of special knowledge or competence may arise from use
30 by the issuer of the report of names or titles indicating that the person
31 or firm is an accountant or auditor, or from the language of the report
32 itself. The term "report" includes any form of language which
33 disclaims an opinion when that form of language is conventionally
34 understood to imply any positive assurance as to the reliability of the
35 financial statement referred to or special competence on the part of the
36 person or firm issuing that language, or both; and it includes any other
37 form of language that is conventionally understood to imply that
38 assurance or that special knowledge or competence, or both.

39 (cf: P.L.1997, c.259, s.3)

40
41 2. Section 13 of P.L.1997, c.259 (C.45:2B-54) is amended to read
42 as follows:

43 13. a. A firm engaged in this State in the practice of public
44 accountancy shall be eligible to register with the board as a firm of
45 certified public accountants if it meets the following requirements:

46 (1) At least one owner of the firm shall be a certified public

S1925 INVERSO

1 accountant in good standing, and licensed to practice public
2 accountancy in this State;

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

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

16 b. Application for registration of a firm shall be made upon the
17 affidavit of an owner of the firm who is a certified public accountant
18 in good standing and licensed to practice public accountancy in this
19 State. The board shall in each case determine whether the applicant
20 is eligible for registration. A firm which is so registered may use the
21 words "certified public accountant" or the abbreviation "CPAs" in
22 connection with its firm name. Notification shall be given to the board
23 within 90 days after admission or withdrawal of an owner licensed and
24 practicing in this State from any firm so registered.
25 (cf: P.L.1997, c.259, s.13)

26
27 3. Section 14 of P.L.1997, c.259 (C.45:2B-55) is amended to read
28 as follows:

29 14. a. A firm engaged in this State in the practice of public
30 accountancy shall be eligible to register with the board as a firm of
31 public accountants if it meets the following requirements:

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

35 (2) Each owner of the firm, other than a nonlicensee, shall be a
36 public accountant of **[some]** any state or possession of the United
37 States or the District of Columbia in good standing, and licensed to
38 practice public accountancy **[in that state]** where licensed, except that
39 nothing in this section shall preclude a certified public accountant from
40 being an owner of a firm of public accountants;

41 (3) There shall be a public accountant in the firm who has ultimate
42 responsibility for each attest engagement. On all firm applications and
43 renewal forms, a licensee shall be designated as responsible and in
44 charge of all professional matters relating to the practice of
45 accountancy by the registered firm. Each resident manager in charge
46 of a practice unit of a firm in this State and each owner thereof

S1925 INVERSO

5

1 personally engaged within this State in the practice of public
2 accounting shall be a public accountant or a certified public accountant
3 of this State in good standing and licensed to practice public
4 accountancy in this State.

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

14 (cf: P.L.1997, c.259, s.14)

15

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

18 21. a. No person shall use or assume the title or designation
19 "certified public accountant," or the abbreviation "CPA" or any other
20 title, designation, words, letters, abbreviation, sign, card, or device
21 tending to indicate that the person is a certified public accountant
22 unless that person holds a current license as a certified public
23 accountant under this act.

24 b. No firm shall assume or use the title or designation "certified
25 public accountant," or the abbreviation "CPA," unless otherwise
26 provided for by law, or any other title, designation, words, letters,
27 abbreviation, sign, card, or device tending to indicate that the firm is
28 composed of certified public accountants, unless the firm holds a valid
29 registration issued under this act **],** and all partners, officers, members,
30 managers and shareholders of the firm hold licenses as certified public
31 accountants **].** except that a financial services firm, the voting stock of
32 which is traded on a recognized exchange or over the counter, shall
33 not, solely by reason of any of its duly licensed employees holding
34 themselves out as "certified public accountants," be deemed to be
35 holding itself out as a firm of "certified public accountants".

36 c. No individual shall assume or use the title or designation "public
37 accountant," or the abbreviation "PA," or any other title, designation,
38 words, letters, abbreviation, sign, card, or device tending to indicate
39 that the person is a public accountant unless that individual holds a
40 valid registration as a public accountant as provided under this act.

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

S1925 INVERSO

1 e. No person or firm shall assume or use the title or designation
2 "certified accountant," "chartered accountant," enrolled accountant,"
3 "licensed accountant," "registered accountant," "accredited
4 accountant," or any other title or designation likely to be confused
5 with the titles "certified public accountant" or "public accountant," or
6 use any of the abbreviations "CA," "LA," "RA," "AA," or similar
7 abbreviations likely to be confused with the abbreviations "CPA" or
8 "PA," unless that person or firm holds a valid license or registration
9 issued under this act.

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

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

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

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

S1925 INVERSO

1 and by the name of that country.

2 (cf: P.L.1997, c.259, s.21)

3

4 5. (New section) a. A firm lawfully engaged in this State in the
5 practice of public accountancy may have owners who are not licensed
6 as certified public accountants or public accountants if it meets the
7 following requirements:

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

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

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

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

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

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

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

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

41 c. A nonlicensee owner of a licensed firm shall report to the board
42 in writing of the occurrence of any of the events set forth in subsection
43 b. of this section within 30 days of the date the nonlicensee owner has
44 knowledge of the event. The report shall identify the event by the
45 name of the agency or court, the title of the matter, the docket
46 number, and the date of occurrence of the event.

S1925 INVERSO

1 6. This act shall take effect on the 90th day after enactment.

2

3

4

STATEMENT

5

6 This bill amends and supplements the "Accountancy Act of 1997,"
7 P.L.1997, c.259 (C.45:2B-42 et seq.). The bill establishes a definition
8 of the "attest" function performed by accountants. In addition, the bill
9 allows unlicensed persons to own accounting firms under certain
10 specified conditions, provided that majority voting rights and financial
11 control are maintained by certified public accountants or public
12 accountants in these firms.

13 The bill also provides that a financial services firm, the voting stock
14 of which is traded on a recognized exchange or over the counter, shall
15 not, solely by reason of any of its duly licensed employees holding
16 themselves out as certified public accountants, be deemed to be
17 holding itself out as a firm of certified public accountants.

SENATE COMMERCE COMMITTEE

STATEMENT TO

SENATE, No. 1925

with committee amendments

STATE OF NEW JERSEY

DATED: JUNE 7, 1999

The Senate Commerce Committee reports favorably and with committee amendments Senate Bill No. 1925.

This bill amends and supplements the "Accountancy Act of 1997," P.L. 1997, c. 259 (C. 45:2B-42 et seq.). The bill defines the "attest" function performed by accountants to mean the following financial statement services: auditing, review of a financial statement or compilation of a financial statement, or examination of prospective financial information, according to standards recognized by national accounting organizations.

The bill allows nonlicensed persons (not licensed as certified public accountants or public accountants) to own accounting firms under certain specified conditions: nonlicensee owners must be natural persons or entities, provided that each beneficial owner of the entity is a natural person materially participating in the business conducted by the firm or entity affiliated with the firm; the ownership interest of nonlicensee owners must revert to the firm upon the cessation of any material participation by the nonlicensee owner in the business conducted by the firm or entity; persons licensed to practice accountancy must be at least half of the owners, hold more than half of the equity capital, and possess majority voting rights of the firm; and nonlicensee owners must not hold themselves out as certified public accountants or public accountants. A person may not be a nonlicensee owner if: convicted of a crime involving dishonesty or fraud; his professional license or right to practice was revoked or suspended; or he has violated the "Accountancy Act of 1997."

Each firm must have a certified public accountant or public accountant, as appropriate, in the firm who has ultimate responsibility for each attest engagement.

Finally, the bill provides that a financial services firm, the voting stock of which is traded on a recognized exchange or over the counter, shall not, solely by reason of any of its duly licensed employees holding themselves out as certified public accountants, be deemed to be holding itself out as a firm of certified public accountants and may use the truthful fact in advertising that the firm employs certified public accountants.

ASSEMBLY, No. 3081

STATE OF NEW JERSEY
208th LEGISLATURE

INTRODUCED MAY 6, 1999

Sponsored by:

Assemblyman JEFFREY W. MORAN

District 9 (Atlantic, Burlington and Ocean)

Assemblyman ANTHONY IMPREVEDUTO

District 32 (Bergen and Hudson)

SYNOPSIS

Revises certain licensure requirements for certain accountants.

CURRENT VERSION OF TEXT

As introduced.



A3081 MORAN, IMPREVEDUTO

2

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

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

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

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

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

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

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

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

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

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

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

5 "Practice of public accountancy" or "practicing public accountancy"
6 means the performance or the offering to perform attest services, by
7 a person or firm holding itself out to the public for a client or potential
8 client **],** of one or more kinds of services involving the use of
9 accounting or auditing skills, including the preparation of financial
10 statements or the issuance of reports on financial statements;**]** or the
11 performance as a licensee of one or more kinds of management
12 advisory, financial advisory or consulting services, or the preparation
13 of tax returns or the furnishing of advice on tax matters.

14 "Practice unit" means any office of a firm **[practicing]** registered
15 with the board to engage in the practice of public accountancy in the
16 State of New Jersey.

17 "Quality review" means a study, appraisal or review of one or more
18 aspects of the professional work of a person or firm in the practice of
19 public accountancy, by a person who is a certified public accountant
20 or public accountant and who is not affiliated with the person or firm
21 being reviewed.

22 "Report" when used with reference to financial statements, means
23 an opinion, report, or other form of language that states or implies
24 assurance as to the reliability of any financial statement and that also
25 includes or is accompanied by any statement or implication that the
26 person or firm issuing it has special knowledge or competence in
27 accounting or auditing, such as a statement or implication of special
28 knowledge or competence in accounting or auditing. Such a statement
29 or implication of special knowledge or competence may arise from use
30 by the issuer of the report of names or titles indicating that the person
31 or firm is an accountant or auditor, or from the language of the report
32 itself. The term "report" includes any form of language which
33 disclaims an opinion when that form of language is conventionally
34 understood to imply any positive assurance as to the reliability of the
35 financial statement referred to or special competence on the part of the
36 person or firm issuing that language, or both; and it includes any other
37 form of language that is conventionally understood to imply that
38 assurance or that special knowledge or competence, or both.

39 (cf: P.L.1997, c.259, s.3)

40
41 2. Section 13 of P.L.1997, c.259 (C.45:2B-54) is amended to read
42 as follows:

43 13. a. A firm engaged in this State in the practice of public
44 accountancy shall be eligible to register with the board as a firm of
45 certified public accountants if it meets the following requirements:

46 (1) At least one owner of the firm shall be a certified public

A3081 MORAN, IMPREVEDUTO

1 accountant in good standing, and licensed to practice public
2 accountancy in this State;

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

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

16 b. Application for registration of a firm shall be made upon the
17 affidavit of an owner of the firm who is a certified public accountant
18 in good standing and licensed to practice public accountancy in this
19 State. The board shall in each case determine whether the applicant
20 is eligible for registration. A firm which is so registered may use the
21 words "certified public accountant" or the abbreviation "CPAs" in
22 connection with its firm name. Notification shall be given to the board
23 within 90 days after admission or withdrawal of an owner licensed and
24 practicing in this State from any firm so registered.
25 (cf: P.L.1997, c.259, s.13)

26
27 3. Section 14 of P.L.1997, c.259 (C.45:2B-55) is amended to read
28 as follows:

29 14. a. A firm engaged in this State in the practice of public
30 accountancy shall be eligible to register with the board as a firm of
31 public accountants if it meets the following requirements:

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

35 (2) Each owner of the firm, other than a nonlicensee, shall be a
36 public accountant of **[some]** any state or possession of the United
37 States or the District of Columbia in good standing, and licensed to
38 practice public accountancy **[in that state]** where licensed, except that
39 nothing in this section shall preclude a certified public accountant from
40 being an owner of a firm of public accountants;

41 (3) There shall be a public accountant in the firm who has ultimate
42 responsibility for each attest engagement. On all firm applications and
43 renewal forms, a licensee shall be designated as responsible and in
44 charge of all professional matters relating to the practice of
45 accountancy by the registered firm. Each resident manager in charge
46 of a practice unit of a firm in this State and each owner thereof

1 personally engaged within this State in the practice of public
2 accounting shall be a public accountant or a certified public accountant
3 of this State in good standing and licensed to practice public
4 accountancy in this State.

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

14 (cf: P.L.1997, c.259, s.14)

15

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

18 21. a. No person shall use or assume the title or designation
19 "certified public accountant," or the abbreviation "CPA" or any other
20 title, designation, words, letters, abbreviation, sign, card, or device
21 tending to indicate that the person is a certified public accountant
22 unless that person holds a current license as a certified public
23 accountant under this act.

24 b. No firm shall assume or use the title or designation "certified
25 public accountant," or the abbreviation "CPA," unless otherwise
26 provided for by law, or any other title, designation, words, letters,
27 abbreviation, sign, card, or device tending to indicate that the firm is
28 composed of certified public accountants, unless the firm holds a valid
29 registration issued under this act **],** and all partners, officers, members,
30 managers and shareholders of the firm hold licenses as certified public
31 accountants**].**

32 c. No individual shall assume or use the title or designation "public
33 accountant," or the abbreviation "PA," or any other title, designation,
34 words, letters, abbreviation, sign, card, or device tending to indicate
35 that the person is a public accountant unless that individual holds a
36 valid registration as a public accountant as provided under this act.

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

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

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

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

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

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

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

44 (cf: P.L.1997, c.259, s.21)

45

46 5. (New section) a. A firm lawfully engaged in this State in the

1 practice of public accountancy may have owners who are not licensed
2 as certified public accountants or public accountants if it meets the
3 following requirements:

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

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

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

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

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

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

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

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

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

43

44 6. This act shall take effect on the 90th day after enactment.

1
2
3
4
5
6
7
8
9

STATEMENT

This bill amends and supplements the "Accountancy Act of 1997," P.L.1997, c.259 (C.45:2B-42 et seq.). The bill establishes a definition of the "attest" function performed by accountants. In addition, the bill allows unlicensed persons to own accounting firms under certain specified conditions, provided that majority voting rights and financial control are maintained by certified public accountants or public accountants in these firms.

ASSEMBLY CONSUMER AFFAIRS AND REGULATED
PROFESSIONS COMMITTEE

STATEMENT TO

ASSEMBLY, No. 3081

with committee amendments

STATE OF NEW JERSEY

DATED: MAY 6, 1999

The Assembly Consumer Affairs and Regulated Professions Committee reports favorably with committee amendments Assembly Bill No. 3081.

This bill amends and supplements the "Accountancy Act of 1997," P.L.1997, c.259 (C.45:2B-42 et seq.). The bill establishes a definition of the "attest" function performed by accountants. In addition, the bill allows unlicensed persons to own accounting firms under certain specified conditions, provided that majority voting rights and financial control are maintained by certified public accountants or public accountants in these firms.

The committee amended the bill to stipulate that the provisions of subsection a. of section 5 of this bill, which establishes certain requirements for owners of accounting firms who are not licensed as certified public accountants or public accountants, shall not apply to publicly held financial services corporations, their subsidiaries and divisions and the employees thereof, the voting stocks of which are traded on a recognized exchange or over the counter.

STATEMENT TO
[First Reprint]
ASSEMBLY, No. 3081

with Assembly Floor Amendments
(Proposed By Assemblymen MORAN and IMPREVEDUTO)

ADOPTED: MAY 10, 1999

These amendments stipulate that a financial services firm, the voting stock of which is traded on a recognized exchange or over the counter, shall not, solely by reason of any of its duly licensed employees holding themselves out as certified public accountants, be deemed to be holding itself out as a firm of certified public accountants.

In addition, the amendments remove the exemption from the provisions of subsection a. of section 5 of this bill for publicly held financial service corporations, their subdivisions and divisions and the employees thereof, the voting stocks of which are traded on a recognized exchange or over the counter.

STATEMENT TO
[Second Reprint]
ASSEMBLY, No. 3081

with Assembly Floor Amendments
(Proposed By Assemblymen MORAN and IMPREVEDUTO)

ADOPTED: JUNE 14, 1999

These amendments modify the definition of "practice of public accounting" to include the performance as a licensee of a compilation of a financial statement to be performed in accordance with the Statements on Standards for Accounting and Review Services (SSARS) and to provide that a financial services firm, 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. These amendments make this bill identical to Senate, No. 1925 (1R).

OFFICE OF THE GOVERNOR
NEWS RELEASE

PO BOX- 004
CONTACT: GENE HERMAN
609-777-2600

TRENTON, NJ 08625
RELEASE: MONDAY,
SEPTEMBER 20, 1999

Gov. Christie Whitman today signed the following pieces of legislation:

S-1925, sponsored by Senator Peter A. Inverso (R-Mercer/Middlesex) and Assembly Members Jeffrey W. Moran (R-Atlantic/Burlington/Ocean) and Anthony Impreveduto (D-Bergen/Hudson), revises certain license requirements for certain accountants allowing for greater flexibility in the accounting industry. Many accounting firms are expanding to provide additional business consulting and financial review services beyond traditional accounting services. These services are called non-attest services. Under previous law, employees hired by accounting firms to perform non-attest services, who are not licensed accountants, were not permitted to hold an equity interest in an accounting firm. The bill allows unlicensed persons, under certain circumstances, to have an ownership interest in an accounting firm.

S-775, sponsored by Senator Henry P. McNamara (R-Berg6h/Passaic) and Anthony R. Bucco (RMorris), revises the qualification for municipalities to receive certain grants for remediation investigations from the Hazardous Discharge Site Remediation Fund (HDSRF). The bill requires a municipality either to have a comprehensive Brownfield redevelopment plan in place, or to demonstrate to the New Jersey Economic Development Authority (EDA) that a property has a realistic opportunity of being developed or redeveloped within three years of the completion of the remediation. The bill further requires a municipality or the New Jersey Redevelopment Authority to actually own the real property prior to receiving a grant for remedial investigation from the HDSRF. Under previously law, a municipality could obtain a grant from the HDSRF to perform, among other things, a preliminary assessment, site investigation or remedial investigation of any property to determine the existence of contamination. To qualify for such assistance, the municipality could either hold a tax sale certificate for the property, or have acquired it through foreclosure or voluntary conveyance for the purpose of redevelopment, or have enacted an ordinance or resolution to acquire the property by voluntary conveyance. The purpose of this bill is to make sure that a municipality does not spend HDSRF funds without having made a substantial commitment to the development of the Brownfields site.

News releases are also available on our website at: www.state.nj.us