

First Regular Session
Seventy-second General Assembly
STATE OF COLORADO

INTRODUCED

LLS NO. 19-0348.01 Thomas Morris x4218

SENATE BILL 19-155

SENATE SPONSORSHIP

Williams A. and Priola,

HOUSE SPONSORSHIP

(None),

Senate Committees

Business, Labor, & Technology

House Committees

A BILL FOR AN ACT

101 CONCERNING THE CONTINUATION OF THE STATE BOARD OF
102 ACCOUNTANCY, AND, IN CONNECTION THEREWITH,
103 IMPLEMENTING THE RECOMMENDATIONS CONTAINED IN THE
104 2018 SUNSET REPORT BY THE DEPARTMENT OF REGULATORY
105 AGENCIES.

Bill Summary

(Note: This summary applies to this bill as introduced and does not reflect any amendments that may be subsequently adopted. If this bill passes third reading in the house of introduction, a bill summary that applies to the reengrossed version of this bill will be available at <http://leg.colorado.gov/>.)

Sunset Process - Senate Business, Labor, and Technology Committee. The bill implements the recommendations of the department

Shading denotes HOUSE amendment. Double underlining denotes SENATE amendment.
Capital letters or bold & italic numbers indicate new material to be added to existing statute.
Dashes through the words indicate deletions from existing statute.

of regulatory agencies' sunset review and report on the state board of accountancy by:

- ! Continuing the functions of the board for 11 years, until 2030 (**sections 1 and 2** of the bill);
- ! Making the use of fraudulent, coercive, or dishonest practices, or the demonstration of incompetence, untrustworthiness, or financial irresponsibility, grounds for discipline (**section 8**);
- ! Clarifying that foreign corporations operating a Colorado office must register with the board and adding "limited liability partnership" to the list of business types that must register (**section 7**);
- ! Permitting a chartered global management accountant who is not a certified public accountant to use the title "chartered global management accountant" and the abbreviation "C.G.M.A." if the person does not provide services that require certification (**sections 4 and 6**);
- ! Authorizing the board to take disciplinary action against uncertified or unregistered persons, including resident managers, if they provide services that require certification or registration (**section 8**);
- ! Allowing a person to request inactive status via any board-approved method (**section 5**); and
- ! Making technical changes (**sections 5, 9, and 10**).

Section 3 updates the names of several regional accrediting agencies.

Sections 11 through 19 make conforming amendments to harmonize the bill with House Bill 19-1172, the bill to recodify and reorganize title 12.

1 *Be it enacted by the General Assembly of the State of Colorado:*

2 **SECTION 1.** In Colorado Revised Statutes, 24-34-104, **repeal**
3 (16)(a)(IV); and **add** (31)(a)(II) as follows:

4 **24-34-104. General assembly review of regulatory agencies**
5 **and functions for repeal, continuation, or reestablishment - legislative**
6 **declaration - repeal.** (16) (a) The following agencies, functions, or both,
7 will repeal on July 1, 2019:

8 (IV) ~~The state board of accountancy created in article 2 of title 12,~~

1 ~~C.R.S.~~,

2 (31) (a) The following agencies, functions, or both, are scheduled
3 for repeal on September 1, 2030:

4 (II) THE STATE BOARD OF ACCOUNTANCY CREATED IN ARTICLE 2
5 OF TITLE 12.

6 **SECTION 2.** In Colorado Revised Statutes, **amend** 12-2-132 as
7 follows:

8 **12-2-132. Repeal of article.** (1) This ~~article~~ ARTICLE 2 is
9 repealed, effective ~~July 1, 2019~~ SEPTEMBER 1, 2030.

10 (2) ~~Prior to such~~ BEFORE THE repeal, the state board of
11 accountancy ~~shall be reviewed as provided in~~ IS SCHEDULED FOR REVIEW
12 IN ACCORDANCE WITH section 24-34-104. ~~C.R.S.~~

13 **SECTION 3.** In Colorado Revised Statutes, 12-2-102, **amend** the
14 introductory portion and (1)(a) as follows:

15 **12-2-102. Definitions.** As used in this ~~article~~ ARTICLE 2, unless
16 the context otherwise requires:

17 (1) "Accredited college or university" means either:

18 (a) A college or university ~~which~~ THAT is accredited by one of the
19 following regional accrediting agencies OR THEIR SUCCESSOR AGENCIES:

20 (I) The Middle States Association of Colleges and Schools;

21 (II) The North Central Association of Colleges and Schools;

22 (III) The New England Association of Schools and Colleges;

23 (IV) The ~~northwest association of schools and colleges~~
24 NORTHWEST COMMISSION ON COLLEGES AND UNIVERSITIES;

25 (V) The Southern Association of Colleges and Schools;

26 (VI) The ACCREDITING COMMISSION FOR SCHOOLS, Western
27 Association of Schools and Colleges; or

1 **SECTION 4.** In Colorado Revised Statutes, 12-2-115, **amend**
2 (3)(a); and **add** (4)(c) as follows:

3 **12-2-115. Use of the title "certified public accountant".**

4 (3) (a) Except as authorized in subsection (4) of this section, a person
5 shall not assume or use the title or designation "certified public
6 accountant", the abbreviation "C.P.A.", or any other title, designation,
7 words, letters, abbreviation, sign, card, or device tending to indicate that
8 ~~such~~ THE person is a certified public accountant unless the person holds
9 a certificate as a certified public accountant issued under this ~~article~~
10 ARTICLE 2 or under the laws of any other state. A person who is inactive
11 pursuant to ~~section 12-2-122.5~~ SECTION 12-2-115.5 (2) may use the title
12 "inactive certified public accountant" or "inactive C.P.A."

13 (4) (c) AN INDIVIDUAL SUBJECT TO SECTION 12-2-120 (6)(a)(II)(C)
14 MAY USE THE TITLE OR DESIGNATION "CHARTERED GLOBAL MANAGEMENT
15 ACCOUNTANT", THE ABBREVIATION "C.G.M.A.", OR ANY OTHER TITLE,
16 DESIGNATION, WORDS, LETTERS, ABBREVIATION, SIGN, CARD, OR DEVICE
17 TENDING TO INDICATE THAT THE INDIVIDUAL IS A CHARTERED GLOBAL
18 MANAGEMENT ACCOUNTANT, BUT ONLY IF THE TITLE OR DESIGNATION:

19 (I) IS CONFERRED BY A BONA FIDE NATIONALLY RECOGNIZED
20 ACCOUNTING ORGANIZATION SUCH AS THE AMERICAN INSTITUTE OF CPAS
21 OR THE CHARTERED INSTITUTE OF MANAGEMENT ACCOUNTANTS, OR
22 THEIR SUCCESSOR ORGANIZATIONS; AND

23 (II) DOES NOT PURPORT TO CONFER THE RIGHT TO PERFORM AUDIT,
24 ATTESTATION, OR COMPILATION SERVICES PROHIBITED TO BE PERFORMED
25 BY SECTION 12-2-120 (6)(a) BY AN INDIVIDUAL THAT DOES NOT HAVE AN
26 ACTIVE CERTIFICATE OF CERTIFIED PUBLIC ACCOUNTANT.

27 **SECTION 5.** In Colorado Revised Statutes, **amend with**

1 **amended and relocated provisions** 12-2-115.5 as follows:

2 **12-2-115.5. Status - retired - inactive. (1) Retired status.**

3 (a) Any person who has received from the board and holds a certificate
4 of certified public accountant, including an expired certificate of certified
5 public accountant that remains subject to renewal, reactivation, or
6 reinstatement, may apply to the board for retired status. The board may
7 grant ~~such~~ RETIRED status by issuing a retired status certificate of certified
8 public accountant to any person who meets established conditions
9 prescribed by the board.

10 ~~(2)~~ (b) Any person issued a retired status certificate of certified
11 public accountant may be styled and known as a "retired certified public
12 accountant" or "retired C.P.A."

13 ~~(3)~~ (c) During ~~such~~ THE time as a certified public accountant
14 remains in a retired status, ~~such~~ THE person shall not perform those acts
15 set forth in section 12-2-120 (6)(a) and (6)(b). The board ~~shall retain~~
16 RETAINS jurisdiction over retired status certified public accountants.

17 ~~(4)~~ (2) [**Formerly 12-2-122.5**] **Inactive status.** (a) The holder of
18 a certificate of certified public accountant, upon ~~written~~ notice by first
19 ~~class mail~~ to the board IN ANY FORM OR MANNER DESIGNATED BY THE
20 BOARD, shall have ~~his or her~~ THE HOLDER'S name transferred to an
21 inactive list and shall not be required to comply with the continuing
22 education requirements for certificate renewal pursuant to section
23 12-2-119 so long as ~~he or she~~ THE HOLDER remains inactive. Each
24 inactive certificant shall register in the same manner as active certificate
25 holders and pay a fee pursuant to section 12-2-108 (3). ~~At such time as an~~
26 ~~inactive certificant wishes~~ To resume the practice of public accounting as
27 a certified public accountant, ~~he or she shall~~ THE HOLDER MUST file an

1 application, ~~therefor~~, meet any education requirements imposed by the
2 board, and pay a fee as established by the director of the division of
3 professions and occupations within the department of regulatory agencies.

4 ~~(2)~~ (b) During ~~such~~ THE time ~~as~~ a certified public accountant
5 remains in an inactive status, the certified public accountant shall not
6 perform those acts restricted to active certified public accountants
7 pursuant to section 12-2-120 (6)(a). The board ~~shall retain~~ RETAINS
8 jurisdiction over inactive certified public accountants for the purposes of
9 disciplinary action pursuant to section 12-2-123.

10 **SECTION 6.** In Colorado Revised Statutes, 12-2-120, **amend**
11 (6)(a)(II) introductory portion; and **add** (6)(a)(II)(C) and (6)(a)(II)(D) as
12 follows:

13 **12-2-120. Unlawful acts.** (6) (a) (II) ~~No~~ A person, partnership,
14 professional corporation, or limited liability company shall NOT, without
15 an active certificate of certified public accountant or a valid registration:

16 (C) OFFER AUDIT OR ATTEST SERVICES TO THE PUBLIC IF THE
17 INDIVIDUAL USES A TITLE OR DESIGNATION SPECIFIED IN SECTION 12-2-115
18 (4)(c) RELATING TO CHARTERED GLOBAL MANAGEMENT ACCOUNTANTS;
19 OR

20 (D) ESTABLISH, PARTICIPATE IN, OR PROMOTE A BUSINESS THAT
21 USES A TITLE OR DESIGNATION SPECIFIED IN SECTION 12-2-115 (4)(c)
22 RELATING TO CHARTERED GLOBAL MANAGEMENT ACCOUNTANTS IN ITS
23 MARKETING IF THE BUSINESS IS NOT CURRENTLY REGISTERED PURSUANT
24 TO THIS ARTICLE 2.

25 **SECTION 7.** In Colorado Revised Statutes, 12-2-121, **amend**
26 (2)(a) as follows:

27 **12-2-121. Exceptions - acts not prohibited - rules.**

1 (2) (a) (I) Nothing in this ~~article shall prohibit~~ ARTICLE 2 PROHIBITS a
2 certified public accountant whose principal place of business is located
3 in another state or jurisdiction of the United States from practicing in this
4 state on professional business, as defined by rules promulgated by the
5 board. ~~Such~~ THE practice shall be conducted in conformity with rules
6 promulgated by the board.

7 (II) Notwithstanding the requirements of section 12-2-117, a
8 foreign partnership, corporation, limited partnership, LIMITED LIABILITY
9 PARTNERSHIP, limited liability limited partnership, or limited liability
10 company may engage in the practice of accountancy in this state without
11 registering with the board IF THE PRACTICE IS INCIDENT TO THE ENTITY'S
12 REGULAR PRACTICE OUTSIDE THIS STATE, AS DEFINED BY THE BOARD. THE
13 ENTITY SHALL CONDUCT THE PRACTICE IN CONFORMITY WITH RULES
14 PROMULGATED BY THE BOARD.

15 **SECTION 8.** In Colorado Revised Statutes, 12-2-123, **amend** (1)
16 introductory portion and (1)(j); and **add** (1)(s) as follows:

17 **12-2-123. Grounds for disciplinary action - administrative**
18 **penalties.** (1) After notice and hearing as provided in section 12-2-125,
19 the board may deny the issuance of, refuse to renew, revoke, or suspend
20 any certificate of a certified public accountant issued under this article 2
21 or any prior law of this state or may fine, issue a letter of admonition to,
22 or place on probation the holder of any certificate and impose other
23 conditions or limitations ON A PERSON for any of the following causes:

24 (j) ~~Providing public accounting services to the public for a fee~~
25 Without an active certificate of certified public accountant or a valid
26 registration:

27 (I) PROVIDING CERTIFIED PUBLIC ACCOUNTING SERVICES TO THE

1 PUBLIC FOR A FEE; or

2 (II) Acting as a ~~member, partner, or shareholder~~ RESIDENT
3 MANAGER of a ~~partnership or professional corporation~~ registered pursuant
4 AN ENTITY THAT IS SUBJECT to section 12-2-117;

5 (s) FRAUDULENT, COERCIVE, OR DISHONEST PRACTICES OR
6 DEMONSTRATED INCOMPETENCE, UNTRUSTWORTHINESS, OR FINANCIAL
7 IRRESPONSIBILITY IN COLORADO, ANOTHER STATE, A UNITED STATES
8 TERRITORY, OR A FOREIGN COUNTRY.

9 **SECTION 9.** In Colorado Revised Statutes, 12-2-126, **amend**
10 (1)(b)(II)(A) as follows:

11 **12-2-126. Investigations, examinations, and cease-and-desist**
12 **orders against unlawful act.** (1) (b) (II) Upon completing an
13 investigation, the board shall make one of the following findings:

14 (A) The complaint is without ~~merit~~ MERIT, and no further action
15 need be taken.

16 **SECTION 10. Repeal of relocated provisions in this act.** In
17 Colorado Revised Statutes, **repeal** 12-2-122.5.

18 **SECTION 11.** In Colorado Revised Statutes, 12-100-103, **amend**
19 **as relocated by House Bill 19-1172** (1)(a) as follows:

20 **12-100-103. Definitions.** As used in this article 100, unless the
21 context otherwise requires:

22 (1) "Accredited college or university" means either:

23 (a) A college or university that is accredited by one of the
24 following regional accrediting agencies OR THEIR SUCCESSOR AGENCIES:

25 (I) The Middle States Association of Colleges and Schools;

26 (II) The North Central Association of Colleges and Schools;

27 (III) The New England Association of Schools and Colleges;

1 (IV) ~~The Northwest Association of Schools and Colleges~~
2 NORTHWEST COMMISSION ON COLLEGES AND UNIVERSITIES;

3 (V) The Southern Association of Colleges and Schools;

4 (VI) The ACCREDITING COMMISSION FOR SCHOOLS, Western
5 Association of Schools and Colleges; or

6 **SECTION 12.** In Colorado Revised Statutes, 12-100-112, **amend**
7 **as relocated by House Bill 19-1172 (3)(a); and add as relocated by**
8 **House Bill 19-1172 (4)(c)** as follows:

9 **12-100-112. Use of the title "certified public accountant".**

10 (3) (a) Except as authorized in subsection (4) of this section, a person
11 shall not assume or use the title or designation "certified public
12 accountant", the abbreviation "C.P.A.", or any other title, designation,
13 words, letters, abbreviation, sign, card, or device tending to indicate that
14 the person is a certified public accountant unless the person holds a
15 certificate as a certified public accountant issued under this article 100 or
16 under the laws of any other state. A person who is inactive pursuant to
17 section ~~12-100-119~~ 12-100-113 (2) may use the title "inactive certified
18 public accountant" or "inactive C.P.A."

19 (4) (c) AN INDIVIDUAL SUBJECT TO SECTION 12-100-116
20 (1)(a)(II)(C) MAY USE THE TITLE OR DESIGNATION "CHARTERED GLOBAL
21 MANAGEMENT ACCOUNTANT", THE ABBREVIATION "C.G.M.A.", OR ANY
22 OTHER TITLE, DESIGNATION, WORDS, LETTERS, ABBREVIATION, SIGN, CARD,
23 OR DEVICE TENDING TO INDICATE THAT THE INDIVIDUAL IS A CHARTERED
24 GLOBAL MANAGEMENT ACCOUNTANT, BUT ONLY IF THE TITLE OR
25 DESIGNATION:

26 (I) IS CONFERRED BY A BONA FIDE NATIONALLY RECOGNIZED
27 ACCOUNTING ORGANIZATION SUCH AS THE AMERICAN INSTITUTE OF CPAS

1 OR THE CHARTERED INSTITUTE OF MANAGEMENT ACCOUNTANTS, OR
2 THEIR SUCCESSOR ORGANIZATIONS; AND

3 (II) DOES NOT PURPORT TO CONFER THE RIGHT TO PERFORM AUDIT,
4 ATTESTATION, OR COMPILATION SERVICES PROHIBITED TO BE PERFORMED
5 BY SECTION 12-100-116 (1)(a) BY AN INDIVIDUAL THAT DOES NOT HAVE
6 AN ACTIVE CERTIFICATE OF CERTIFIED PUBLIC ACCOUNTANT.

7 **SECTION 13.** In Colorado Revised Statutes, **amend as relocated**
8 **by House Bill 19-1172 with amended and relocated provisions**
9 12-100-113 as follows:

10 **12-100-113. Status - retired - inactive. (1) Retired status.**

11 (a) Any person who has received from the board and holds a certificate
12 of certified public accountant, including an expired certificate of certified
13 public accountant that remains subject to renewal, reactivation, or
14 reinstatement, may apply to the board for retired status. The board may
15 grant retired status by issuing a retired status certificate of certified public
16 accountant to any person who meets established conditions prescribed by
17 the board.

18 ~~(2)~~ (b) Any person issued a retired status certificate of certified
19 public accountant may be styled and known as a "retired certified public
20 accountant" or "retired C.P.A."

21 ~~(3)~~ (c) During the time a certified public accountant remains in a
22 retired status, the person shall not perform those acts set forth in section
23 12-100-116 (1)(a) and (1)(b). The board ~~shall retain~~ **RETAINS** jurisdiction
24 over retired status certified public accountants.

25 ~~(4)~~ **(2) [Formerly 12-100-119] Inactive status.** (a) The holder of
26 a certificate of certified public accountant, upon ~~written~~ notice ~~by~~
27 ~~first-class mail~~ to the board IN ANY FORM OR MANNER DESIGNATED BY THE

1 BOARD, shall have ~~his or her~~ THE HOLDER'S name transferred to an
2 inactive list and shall not be required to comply with the continuing
3 education requirements for certificate renewal pursuant to section
4 12-100-115 so long as ~~he or she~~ THE HOLDER remains inactive. Each
5 inactive certificant shall register in the same manner as active certificate
6 holders and pay a fee pursuant to section 12-20-202 (1). ~~At such time as~~
7 ~~an inactive certificant wishes~~ To resume the practice of public accounting
8 as a certified public accountant, ~~he or she shall~~ THE HOLDER MUST file an
9 application, ~~therefor~~, meet any education requirements imposed by the
10 board, and pay a fee as established by the director.

11 ~~(2)~~ (b) During ~~such~~ THE time as a certified public accountant
12 remains in an inactive status, the certified public accountant shall not
13 perform those acts restricted to active certified public accountants
14 pursuant to section 12-100-116 (1)(a). The board ~~shall retain~~ RETAINS
15 jurisdiction over inactive certified public accountants for the purposes of
16 disciplinary action pursuant to section 12-100-120.

17 **SECTION 14.** In Colorado Revised Statutes, 12-100-116, **amend**
18 **as relocated by House Bill 19-1172 (1)(a)(II)** introductory portion; and
19 **add as relocated by House Bill 19-1172 (1)(a)(II)(C) and (1)(a)(II)(D)**
20 as follows:

21 **12-100-116. Unlawful acts - definition.** (1) (a) (II) ~~No~~ A person,
22 partnership, professional corporation, or limited liability company shall
23 NOT, without an active certificate of certified public accountant or a valid
24 registration:

25 (C) OFFER AUDIT OR ATTEST SERVICES TO THE PUBLIC IF THE
26 PERSON USES A TITLE OR DESIGNATION SPECIFIED IN SECTION 12-100-112
27 (4)(c) RELATING TO CHARTERED GLOBAL MANAGEMENT ACCOUNTANTS;

1 OR

2 (D) ESTABLISH, PARTICIPATE IN, OR PROMOTE A BUSINESS THAT
3 USES A TITLE OR DESIGNATION SPECIFIED IN SECTION 12-100-112 (4)(c)
4 RELATING TO CHARTERED GLOBAL MANAGEMENT ACCOUNTANTS IN ITS
5 MARKETING IF THE BUSINESS IS NOT CURRENTLY REGISTERED PURSUANT
6 TO THIS ARTICLE 100.

7 **SECTION 15.** In Colorado Revised Statutes, 12-100-117, **amend**
8 **as relocated by House Bill 19-1172 (2)(a)** as follows:

9 **12-100-117. Exceptions - acts not prohibited - rules.**

10 (2) (a) (I) Nothing in this article 100 ~~shall prohibit~~ PROHIBITS a certified
11 public accountant whose principal place of business is located in another
12 state or jurisdiction of the United States from practicing in this state on
13 professional business, as defined by rules promulgated by the board. The
14 practice shall be conducted in conformity with rules promulgated by the
15 board.

16 (II) Notwithstanding the requirements of section 12-100-114, a
17 foreign partnership, corporation, limited partnership, LIMITED LIABILITY
18 PARTNERSHIP, limited liability limited partnership, or limited liability
19 company may engage in the practice of accountancy in this state without
20 registering with the board IF THE PRACTICE IS INCIDENT TO THE ENTITY'S
21 REGULAR PRACTICE OUTSIDE THIS STATE, AS DEFINED BY THE BOARD. THE
22 ENTITY SHALL CONDUCT THE PRACTICE IN CONFORMITY WITH RULES
23 PROMULGATED BY THE BOARD.

24 **SECTION 16.** In Colorado Revised Statutes, 12-100-120, **amend**
25 **as relocated by House Bill 19-1172 (1)** introductory portion and (1)(h);
26 and **add as relocated by House Bill 19-1172 (1)(o)** as follows:

27 **12-100-120. Grounds for disciplinary action - administrative**

1 **penalties.** (1) After notice and hearing as provided in section
2 12-100-123, the board may take disciplinary or other action as authorized
3 in section 12-20-404 and impose other conditions or limitations ON A
4 PERSON for any of the following causes:

5 (h) ~~Providing public accounting services to the public for a fee~~
6 Without an active certificate of certified public accountant or a valid
7 registration:

8 (I) PROVIDING CERTIFIED PUBLIC ACCOUNTING SERVICES TO THE
9 PUBLIC FOR A FEE; or

10 (II) Acting as a ~~member, partner, or shareholder~~ RESIDENT
11 MANAGER of a ~~partnership or professional corporation registered pursuant~~
12 AN ENTITY THAT IS SUBJECT to section 12-100-114;

13 (o) FRAUDULENT, COERCIVE, OR DISHONEST PRACTICES OR
14 DEMONSTRATED INCOMPETENCE, UNTRUSTWORTHINESS, OR FINANCIAL
15 IRRESPONSIBILITY IN COLORADO, ANOTHER STATE, A UNITED STATES
16 TERRITORY, OR A FOREIGN COUNTRY.

17 **SECTION 17.** In Colorado Revised Statutes, 12-100-124, **amend**
18 **as relocated by House Bill 19-1172 (2)(b)(I)** as follows:

19 **12-100-124. Investigations - findings - board actions -**
20 **confidentiality of complaints.** (2) (b) Upon completing an investigation,
21 the board shall make one of the following findings:

22 (I) The complaint is without ~~merit~~ MERIT, and no further action
23 need be taken.

24 **SECTION 18.** In Colorado Revised Statutes, **amend as relocated**
25 **by House Bill 19-1172** 12-100-130 as follows:

26 **12-100-130. Repeal of article.** This article 100 is repealed,
27 effective ~~July 1, 2019~~ SEPTEMBER 1, 2030. Before the repeal, the state

1 board of accountancy is scheduled for review in accordance with section
2 24-34-104.

3 **SECTION 19. Repeal of relocated provisions in this act.** In
4 Colorado Revised Statutes, **repeal as relocated by House Bill 19-1172**
5 12-100-119.

6 **SECTION 20. Effective date - applicability.** (1) This act:

7 (a) Takes effect July 1, 2019; except that sections 11 through 19
8 of this act take effect only if House Bill 19-1172 becomes law, in which
9 case sections 11 through 19 take effect October 1, 2019; and

10 (b) Applies to conduct occurring on or after the applicable
11 effective date of this act.

12 **SECTION 21. Safety clause.** The general assembly hereby finds,
13 determines, and declares that this act is necessary for the immediate
14 preservation of the public peace, health, and safety.