

CHAPTER 34**(HB 420)**

AN ACT relating to public accountancy.

Be it enacted by the General Assembly of the Commonwealth of Kentucky:

Section 1. KRS 325.280 is amended to read as follows:

- (1) The board may issue a license to practice by reciprocity, if the applicant submits an application for a license to practice **any regulated activity**~~[public accountancy]~~, upon forms approved by the board, that includes all required fees, in the amounts as determined by administrative regulation promulgated by the board, and meets the following requirements:
 - (a) The applicant received a grade on the Uniform Certified Public Accountants Examination in another state that was equivalent to a passing grade at the time in this Commonwealth;
 - (b) The applicant holds a valid active license, and is in good standing as a certified public accountant, issued under the laws of any other state; and
 - (c)
 1. The applicant meets all current experience requirements in this Commonwealth at the time application is made; or
 2. Within the ten (10) years immediately preceding the application, had four (4) years of experience in the practice of **the regulated activities**~~[public accountancy]~~ acceptable to the board upon which the license was based.
- (2) The board may issue a license to practice **the regulated activities**~~[public accountancy]~~ without examination to an applicant who holds a valid license to engage in the practice of **the regulated activities**~~[public accountancy]~~ in good standing from a foreign country if:
 - (a) The applicant's foreign country makes similar provisions to allow a person who holds a valid license to practice **the regulated activities**~~[public accountancy]~~ issued by this Commonwealth to obtain that foreign country's comparable designation;
 - (b) The authority of the foreign country that issued the designation regulates the practice of **the regulated activities**~~[public accountancy]~~, including the issuance of reports upon financial statements;
 - (c) The foreign designation was granted upon education and examination requirements which were established by the foreign authority or law and were substantially equivalent to those in effect in this Commonwealth at the time the foreign designation was granted;
 - (d) The applicant satisfies the applicable experience requirement contained in paragraph (c) of subsection (1) of this section;
 - (e) The applicant has successfully passed a uniform qualifying examination on United States national standards **approved by the board**~~[and an examination on the law and administrative regulations of the board]~~; and
 - (f) The applicant submits an application for a license to practice **the regulated activities**~~[public accountancy]~~, upon forms approved by the board, that includes all required fees, in the amounts as determined by administrative regulation promulgated by the board.

- (3) (a) The board may **grant a privilege**~~[issue a license]~~ to practice ***the regulated activities*** to ***a natural person***~~[an applicant]~~ whose principal place of business is not in this state and who holds ***an active and***~~[a]~~ valid license ***in good standing*** to practice as a certified public accountant in ~~the~~~~[another]~~ state ***where his or her principal place of business is located and is*** deemed by the board to have substantially equivalent licensing standards. The board shall determine the procedure for reviewing and determining the substantial equivalency of any state.
- (b) ***A person applying for the privilege established in paragraph (a) of this section,***~~[The applicant]~~ shall ***satisfy***~~[apply in accordance with administrative regulations promulgated by the board and meet]~~ the following requirements:
1. Submit ***to the board, notification to practice on a form adopted by the board***~~[an application]~~ and pay a fee not to exceed ***one***~~[two]~~ hundred dollars (***\$100***). ***The form shall be submitted prior to the applicant engaging in a regulated activity in this state or no later than thirty (30) calendar days thereafter***~~[((\$200)]~~;
 2. Agree to submit to the personal and subject matter jurisdiction and disciplinary authority of the board;
 3. Comply with the laws of this chapter and the board's administrative regulations;
 4. Agree to the appointment of the ***state*** board that issued the license as the agent upon whom process may be served in any action or proceeding by the board against the applicant;
 5. Agree to immediately cease offering services if any of the information filed is false;
 6. Agree to ***notify the board immediately if***~~[renew]~~ the license~~[by affirming continuing licensure]~~ in the ***applicant's*** home jurisdiction ***becomes inactive, lapses, or is subjected to any disciplinary action;***~~[and]~~
 7. ***Agree that, notwithstanding the notice and hearing requirements of KRS 325.340, the privilege shall be automatically suspended or revoked if the home jurisdiction takes identical action on the license upon which the privilege is granted; and***
 8. ***Agree***~~[Recognize]~~ that if the applicant moves his or her principal place of business to Kentucky, he or she shall notify the board ***prior to the move and immediately apply for a license under subsection (1) or (2) of this section***~~[revise the license application to reflect this information]~~.
- (c) ***A privilege issued under this subsection shall automatically expire when one (1) of the following occurs:***
1. ***The privilege is not renewed prior to July 1 of the second year following the date the privilege was last issued; or***
 2. ***The license upon which the privilege was granted expires.***
- The privilege may be renewed if the applicant meets the requirements of this subsection and administrative regulations promulgated pursuant to this subsection.***
- (d) ***The board may take disciplinary action against a licensee for an act committed in another state if the act at the time of its commission is a violation of this chapter and administrative regulations promulgated pursuant to this chapter.***

Section 2. KRS 325.431 is amended to read as follows:

- (1) The proceedings, records, and workpapers of the review committee shall be privileged and not subject to discovery, subpoena, or other means of legal process, or introduction into evidence in any civil action, arbitration, administrative proceeding, or state accountancy board proceeding. No member of the review committee or person involved in the quality review process shall testify in any civil action, arbitration, administrative proceeding, or state accountancy board proceeding as to any matter produced, presented, disclosed, or discussed during or in connection with the quality review process, or as to any finding, recommendation, evaluation, opinion, or other action of the committee.
- (2) Information, documents, or records that are publicly available shall not be immune from discovery or use in any civil action, arbitration, administrative proceeding, or state accountancy board proceeding merely because they were presented or considered in connection with the quality review process.
- (3) ***The privilege created in subsection (1) of this section shall not apply to:***
 - (a) Materials prepared in connection with a particular engagement merely because they happen to subsequently be presented or considered as part of the quality of review process.
 - (b) ~~{This section shall not apply to}~~ Disputes between review committees and persons or firms subject to a quality review arising from the performance of the quality review.
 - (c) ***Correspondence and reports of the peer review program obtained by the board from a licensee seeking renewal or an individual or firm seeking to become licensed.***
 - (d) ***A statement obtained by the board from a review committee to determine if a licensee seeking renewal or an individual or firm seeking to become licensed is enrolled in or is not enrolled in a peer review program.***

Approved April 2, 2004