

Sec. 2. Notwithstanding any law to the contrary, the cities of Spring Lake Park, Hermantown and Waseca may each issue one license for the on-sale of intoxicating liquor to a bona fide club, as defined in Minnesota Statutes, Section 340.07, Subdivision 15, which has been in existence for less than 15 years but which holds a charter from a national organization which has been in existence for 15 years or more. The license shall be subject to approval by the commissioner of public safety and shall be for the sale of intoxicating liquor to members and bona fide guests only. The fee for the license shall be \$100 unless the municipality sets a higher amount. The license so authorized shall be in addition to the number authorized by Minnesota Statutes, Section 340.11, Subdivision 5a.

Sec. 3. Section 2 of this act is effective for each of the cities named in section 2 upon approval by the governing body of the respective cities and compliance with the provisions of Minnesota Statutes, Section 645.021.

Approved June 5, 1979.

CHAPTER 326—H.F.No.703

An act relating to accountancy; providing for licensing of public accountants; prohibiting certain practices; appropriating money; providing penalties; amending Minnesota Statutes 1978, Sections 326.17; 326.18; 326.19, Subdivision 2; 326.20, Subdivisions 1 and 2; and Chapter 326, by adding sections; repealing Minnesota Statutes 1978, Sections 326.17 to 326.23.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

Section 1. Minnesota Statutes 1978, Chapter 326, is amended by adding a section to read:

[326.165] BOARD OF ACCOUNTANCY. Subdivision 1. PURPOSE. It is the policy of this state to promote the dependability of information which is used for guidance in financial transactions or for accounting for or assessing the status or performance of commercial and noncommercial enterprises, whether public, private or governmental. The public interest requires that persons engaged in the practice of public accounting be qualified; that a public authority competent to prescribe and assess the qualifications of public accountants be established; that the expression of opinions on financial statements be reserved to persons who demonstrate their ability and fitness to observe and apply the standards of the accounting profession; and that the use of accounting titles likely to confuse the public be prohibited.

Subd. 2. PRACTICE OF PUBLIC ACCOUNTING. The "practice of public accounting" is: holding one's self out to the public as skilled in the knowledge, science, and practice of accounting; or, expressing opinions on financial statements, schedules, reports, or exhibits to be used for publication, for credit purposes, for use in courts or for other purposes involving use by third parties.

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Subd. 3. OPINIONS ON FINANCIAL STATEMENTS. "Opinions on financial statements" are any opinions expressed in accordance with generally accepted auditing standards as to the fairness of presentation of information which is used for guidance in financial transactions or for accounting for or assessing the status or performance of commercial and noncommercial enterprises, whether public, private, or governmental.

Sec. 2. Minnesota Statutes 1978, Section 326.17, is amended to read:

326.17 BOARD OF ACCOUNTANCY. A board of accountancy is hereby created to carry out the purposes and enforce the provisions of section 1 and sections 326.17 to 326.23. It shall consist of between seven and nine citizens of this state to be appointed by the governor; two of whom as provided in this section. Two shall be public members as defined by section 214.02 and, five of whom shall be the holders of certificates issued under the provisions of sections 326.17 to 326.23 licensed certified public accountants, and two shall be licensed public accountants under the provisions of sections 326.17 to 326.23. When the number of licensed public accountants in this state drops below 100, their representation on the board of accountancy shall drop to one and the board shall consist of two public members, five certified public accountants, and one licensed public accountant. At the time when the number of licensed public accountants in this state drops below 25, the licensed public accountants shall lose their representation on the board, except that the licensed public accountant then serving on the board shall be allowed to complete his term of office and the board shall consist of two public members and five certified public accountants. Membership terms, compensation of members, removal of members, the filling of membership vacancies, and fiscal year and reporting requirements shall be as provided in sections 214.07 to 214.09. The provision of staff, administrative services and office space; the review and processing of complaints; the setting of board fees; and other provisions relating to board operations shall be as provided in chapter 214 and ~~Laws 1976, Chapter 222, Sections 2 to 7 sections 326.17 to 326.23.~~

Sec. 3. Minnesota Statutes 1978, Section 326.18, is amended to read:

326.18 BOARD, DUTIES, OFFICERS, EXAMINATIONS. A majority of the board shall constitute a quorum. The board shall elect one of its number as chairman, another as vice-chairman, and another as secretary and treasurer, who shall hold their respective offices for a term of one year and until their successors are elected. The affirmative vote of four members of the board shall be considered as the action of the board. The board shall enforce the standard of general education; the standard of special education in the science and art of accounting; the standard of moral character and general public experience, as prescribed in sections 326.17 to 326.23, in all examinations conducted thereunder. The board shall make rules ~~and regulations~~ for the conduct of applicants' examinations and the character and scope of such examinations, the method and time of filing applications for examinations and their form and contents, and all other rules and regulations proper to carry into effect the purposes of sections 326.17 to 326.23. All such examinations shall be conducted by the board of accountancy. The time and place of holding examinations shall be advertised for not less than three consecutive days in one daily newspaper published in each of the counties where the examinations are to be held, and not less than ~~20~~ 60 days prior to the date of each examination. The

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examinations shall take place as often as may be convenient in the opinion of the board. The board may make ~~further rules and regulations~~ necessary to implement and enforce sections 326.17 to 326.23, and 214.12, including but not limited to rules of professional conduct, pertaining to individuals, partnerships and corporations practicing public accounting which it deems consistent with or required by the public welfare and rules of continuing education to be met by persons licensed under sections 326.17 to 326.23.

The board shall keep records of its proceedings, an accurate list of all applications made, licenses and permits issued, and licenses and permits revoked, and shall keep proper financial records in which there shall be entered a complete statement of the cash receipts and disbursements. The board shall issue to each person who meets the examination and experience requirements of a certified public accountant a certificate to that effect, and shall maintain a record of that issuance. It shall adopt and provide itself with a seal with a band inscribed "Certified Public Accountant, State of Minnesota," with the coat of arms of Minnesota in the center, which seal shall be affixed to each certificate of certified public accountant issued under sections 326.17 to 326.23. The board shall issue to each person who qualifies for a license under sections 326.17 to 326.23 as a licensed public accountant a certificate as a licensed public accountant and shall maintain a record of that issuance. It shall adopt and provide itself with a seal with a band inscribed "Licensed Public Accountant, State of Minnesota," with the coat of arms of Minnesota in the center, which seal shall be affixed to each certificate of the licensed public accountant, issued under sections 326.17 to 326.23. All records of the board shall be open to the inspection of the public at the office of its secretary.

Sec. 4. Minnesota Statutes 1978, Section 326.19, Subdivision 2, is amended to read:

Subd. 2. **QUALIFICATIONS.** The license, certified public accountant, shall be granted to any person:

- (a) Who has attained the age of 18 years; and
- (b) ~~Who is of good moral character; and~~
- (c) Who holds:

(i) a master's degree with a major in accounting from a college or university that is fully accredited by the North Central Association of Colleges and Secondary Schools, or an equivalent accrediting association, or who has in the opinion of the board at least an equivalent education, providing at least one year of experience of the type specified in subdivision 4, has been completed; or

(ii) a baccalaureate degree, with a major in accounting, from a college or university that is fully accredited by the North Central Association of Colleges and Secondary Schools, or an equivalent accrediting association, or whose credits are acceptable to the University of Minnesota for admission to graduate study, or who has in the opinion of the board at least an equivalent education, providing at least two years experience of the type specified in subdivision 4, has been completed; or

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(iii) a baccalaureate degree from a college or university that is fully accredited by the North Central Association of Colleges and Secondary Schools, or an equivalent accrediting association, or whose credits are acceptable to the University of Minnesota for admission to graduate study, or who has in the opinion of the board at least an equivalent education, providing at least three years experience of the type specified in subdivision 4, has been completed; or

(iv) evidence of having completed two or more years of study with passing grade average or above from a college or university that is fully accredited by the North Central Association of Colleges and Secondary Schools, or an equivalent accrediting association, or whose credits are acceptable to the University of Minnesota for admission to graduate study, or an area vocational-technical school, a Minnesota licensed private vocational school which fulfills the requirements of sections 141.21 to 141.36, or who has in the opinion of the board at least an equivalent education, providing at least five years experience of the type specified in subdivision 4, has been completed; or

(v) a diploma as a graduate of an accredited high school or who has in the opinion of the board at least an equivalent education, providing at least six years experience of the type specified in subdivision 4, has been completed; and

(d) (c) Who has completed successfully an examination in such subjects and at such times, as the board may prescribe in its rules. The examination shall be administered by the board only to a candidate who holds:

(i) a baccalaureate degree with a major in accounting or higher degree, as described in clause (c) (i) or clause (c) (ii) or to persons having at least an equivalent education, or to candidates for such degree providing such candidate is currently registered in his final semester or quarter preceding graduation, or

(ii) a baccalaureate degree, as described in clause (c) (iii), provided at least one year experience of the type specified in subdivision 4, has been completed, or

(iii) evidence of having completed two or more years of study with passing grade average or above from a college, university, area vocational-technical school or a Minnesota licensed private vocational school which fulfills the requirements of sections 141.21 to 141.36, as described in clause (c) (iv), provided at least three years experience of the type specified in subdivision 4, has been completed, or

(iv) a diploma as a graduate of an accredited high school, as described in clause (c) (v), provided at least five years experience of the type specified in subdivision 4, has been completed.

Sec. 5. Minnesota Statutes 1978, Chapter 326, is amended by adding a section to read:

[326.191] PUBLIC ACCOUNTANTS; LICENSING. Any person: (i) who is a resident of this state or has a place of business in this state; (ii) who has attained the age of 18 years; (iii) who meets the requirements of clause (a), (b), (c), or (d) below shall so

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certify to the board on or before the first day of January, 1980, and shall thereafter be licensed by the board as a licensed public accountant:

(a) Persons who held themselves out to the public as public accountants and who were engaged within this state for a minimum of one year as of July 1, 1979 in the practice of public accounting as their principal occupation;

(b) Persons who for at least one year immediately prior to July 1, 1979 have been employees whose principal duty has been the practice of accounting for a certified public accountant or a public accountant engaged within this state in the practice of public accounting as his principal occupation;

(c) Persons who, for a minimum of one year as of July 1, 1979, held senior level accounting or auditing positions in government which are equivalent, as determined by the board, to the practice of public accounting, and were required to successfully complete an examination in accountancy or obtain specific accounting experience or accounting education as a prerequisite for the position; or

(d) Persons serving in the armed forces of the United States of America on January 1, 1980, who for a minimum of one year immediately prior to entering the service held themselves out to the public as public accountants and were engaged within this state in the practice of public accounting as their principal occupation. In that case, the time for application for licensure shall be extended for a period of 12 months from the time the person is separated from active duty.

The board may license an applicant who does not meet the requirements of clause (a), (b), (c), or (d), but intends to practice full-time public accounting in this state, if the applicant is the holder of a license or registration as a public accountant issued by another state before July 1, 1979, which is, in the opinion of the board, equivalent to the licensure requirements for a public accountant in this state. A license under this paragraph may be issued only if the other state provides for similar recognition of public accountants of this state.

The board may, in its discretion, license applicants who do not, for reasons of individual hardship, meet the minimum experience requirement.

The board shall charge an initial licensure fee to be determined by rule, to license a public accountant.

The board shall in each case determine whether the applicant is eligible for a license. Any individual who is so licensed and who holds a permit issued under this section shall be styled and known as a "licensed public accountant."

Sec. 6. Minnesota Statutes 1978, Section 326.20, Subdivision 1, is amended to read:

326.20 RENEWAL. Subdivision 1. **LICENSE RENEWAL OF CERTIFIED PUBLIC ACCOUNTANTS AND LICENSED PUBLIC ACCOUNTANTS.** Every holder of a certified public accountant license or a licensed public accountant license issued by

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the board, if he is engaged, or intends to be engaged, in public practice within this state at any time during a calendar year shall renew his license as prescribed by the board by rule.

The board shall, ~~in December of each year,~~ upon application made by any holder of an unrevoked Minnesota ~~certificate or~~ license as a certified public accountant or license as a licensed public accountant, renew the license which shall be good for a period prescribed by the board, unless the said certificate or license shall sooner be revoked. Interim licenses shall be issued to individuals who have satisfied the provisions of sections 326.17 to 326.23 within the year.

Sec. 7. Minnesota Statutes 1978, Section 326.20, Subdivision 2, is amended to read:

Subd. 2. **LICENSURE OF PARTNERSHIPS AND CORPORATIONS.** Every partnership or corporation in which one or more certified public accountants or licensed public accountants of this state is a partner or shareholder, if it is engaged, or intends to be engaged, in public practice within this state at any time ~~during a calendar year~~ shall register with be licensed by the state board of accountancy for ~~such year that period.~~ Upon application made upon the affidavit of a general partner of such the partnership or secretary of the corporation who is a certified public accountant or a licensed public accountant of this state in good standing, the board shall; ~~in December of each year,~~ issue a license which shall be good for a period prescribed by the board, unless the ~~said~~ license shall sooner be revoked. Interim licenses shall be issued to partnerships ~~who or corporations which~~ have satisfied the provisions of this subdivision. The application shall confer upon the board the consent of the partnership or corporation, and of the general partner or secretary making the application, to the board's jurisdiction over the acts of the partnership and its partners or agents or of the corporation and its shareholders or agents within the state.

No partnership or corporation shall style itself as a firm of certified public accountants unless (a) all partners or shareholders resident in this state are certified public accountants of this state, (b) all managers in charge of offices maintained in this state are certified public accountants of this state, (c) all partners or shareholders, wherever situated, are certified public accountants of one of the states or territories or of the District of Columbia and (d) the partnership or corporation is duly licensed under section 326.20.

No partnership or corporation shall style itself as a firm of licensed public accountants unless (a) all partners or shareholders resident in this state are licensed public accountants or certified public accountants of this state, (b) all managers in charge of offices maintained in this state are licensed public accountants or certified public accountants of this state, (c) all partners or shareholders, wherever situated, are licensed public accountants of this state or certified public accountants of one of the states or territories or the District of Columbia and (d) the partnership or corporation is duly licensed under section 326.20.

Any cooperative auditing organization organized under chapter 308 (a) which for a minimum of one year prior to July 1, 1979, has been rendering auditing, accounting of business analysis services to its members only, and (b) whose managers in charge of

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offices maintained in this state are certified public accountants or licensed public accountants of this state, shall be deemed to be qualified for a cooperative auditing service license and may style itself as a licensed cooperative auditing service.

Sec. 8. Minnesota Statutes 1978, Chapter 326, is amended by adding a section to read:

[326.211] PROHIBITED ACTS. Subdivision 1. Except as permitted by the board, no person shall assume or use the title or designation "certified public accountant," or the abbreviation "C.P.A." or any other title, designation, words, letters, abbreviation, sign, card, or device tending to indicate that the person is a certified public accountant, unless the person has received a certificate as a certified public accountant under sections 326.17 to 326.23, holds a license issued under sections 326.17 to 326.23 which is not revoked or suspended, and has all of his offices in this state for the practice of public accounting maintained and licensed as required under section 326.20.

Subd. 2. No partnership or corporation shall assume or use the title or designation "certified public accountant," or the abbreviation "C.P.A.," or any other title, designation, words, letters, abbreviation, sign, card, or device tending to indicate that the partnership or corporation is composed of certified public accountants, unless the partnership or corporation is licensed as a partnership or corporation of certified public accountants under section 326.20 and all offices of the partnership or corporation in this state for the practice of public accounting are maintained and licensed as required under section 326.20.

Subd. 3. No person shall assume or use the title or designation "licensed public accountant" or any other title, designation, words, letters, abbreviation, sign, card, or device tending to indicate that the person is a licensed public accountant, unless the person is licensed as a licensed public accountant under section 5, and all of the person's offices in this state for the practice of public accounting are maintained and licensed as required under section 326.20, or unless the person has received a certificate as a certified public accountant under section 326.18, holds a license issued under section 326.20, and all of the person's offices in this state for the practice of public accounting are maintained and licensed as required under section 326.20.

Subd. 4. No partnership or corporation shall assume or use the title or designation "licensed public accountant" or any other title, designation, words, letters, abbreviation, sign, card, or device tending to indicate that the partnership or corporation is composed of licensed public accountants, unless the partnership or corporation is licensed as a partnership of licensed public accountants under section 326.20, and all offices of the partnership or corporation in this state for the practice of public accounting are maintained and licensed as required under section 326.20.

Subd. 5. No person, partnership, or corporation shall assume or use the title or designation "certified accountant," "chartered accountant," "enrolled accountant," "licensed accountant," "public accountant," "accredited accountant," "accounting practitioner," or any other title or designation likely to be confused with "certified public accountant," or "licensed public accountant," or any of the abbreviations "C.A.," "L.A.,"

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"P.A.," "R.A.," "A.A.," "A.P.," or similar abbreviations likely to be confused with "C.P.A." or "L.P.A." Anyone who holds a current license issued under section 326.20 and section 3 and all of whose offices in this state for the practice of public accounting are maintained and licensed as required under section 326.20 may hold himself out to the public as an "auditor."

Subd. 6. No person shall sign or affix his name or any trade or assumed name used by him in his profession or business to any opinion or certificate attesting in any way to the reliability of any representation or estimate in regard to any person or organization embracing (1) financial information or (2) facts respecting compliance with conditions established by law or contract, including, but not limited to, statutes, ordinances, regulations, grants, loans, and appropriations, together with any wording accompanying or contained in the opinion or certificate, which indicates (a) that he is an accountant or auditor or (b) that he has expert knowledge in accounting or auditing, unless he holds a current license issued under section 326.20 and all of his offices in this state for the practice of public accounting are maintained and licensed under section 326.20. The provisions of this subdivision shall not prohibit any officer, employee, partner, or principal of any organization from affixing his signature to any statement or report in reference to the affairs of the organization with any wording designating the position, title, or office which he holds in the organization, nor shall the provisions of this subdivision prohibit any act of a public official or public employee in the performance of his duties.

Subd. 7. No person shall sign or affix a partnership or corporate name to any opinion or certificate attesting in any way to the reliability of any representation or estimate in regard to any person or organization embracing (a) financial information or (b) facts respecting compliance with conditions established by law or contract, including, but not limited to, statutes, ordinances, regulations, grants, loans, and appropriations, together with any wording accompanying or contained in the opinion or certificate which indicates that the partnership or corporation is composed of or employs (1) accountants or auditors or (2) persons having expert knowledge in accounting or auditing, unless the partnership or corporation is licensed under sections 326.17 to 326.23.

Subd. 8. No person, partnership or corporation not licensed under section 3 of this act shall assume or use the title "auditor" on any sign, card, letterhead, or in any advertisement or directory without indicating thereon or therein that the person, partnership or corporation does not hold such a license, provided that this subdivision shall not prohibit any officer, employee, partner, or principal of any organization from describing himself by the position, title, or office he holds in the organization, nor shall this subdivision prohibit any act of a public official or public employee in the performance of his duties.

Subd. 9. No person shall assume or use the title or designation "certified public accountant" or "licensed public accountant" in conjunction with names indicating or implying that there is a partnership, or in conjunction with the designation "and Company" or "and Co." or a similar designation if, in any such case, there is in fact no bona fide partnership licensed under section 326.20. A sole proprietor or partnership lawfully using such title or designation in conjunction with such names or designation on

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the effective date of this act may continue to do so if he or it otherwise complies with the provisions of sections 1 to 13 and 327.17 to 327.23.

Subd. 10. No corporation, other than one licensed under sections 326.17 to 326.23, and in compliance with the rules of the board, shall style itself as certified public accountants or licensed public accountants, or use the abbreviation "C.P.A." or "L.P.A." in connection with its corporate name.

Sec. 9. Minnesota Statutes 1978, Chapter 326, is amended by adding a section to read:

[326.212] PERMITTED ACTS. Subdivision 1. Nothing contained in sections 326.17 to 326.23 shall prohibit any person not a certified public accountant or licensed public accountant from serving as an employee of, or an assistant to, a certified public accountant or licensed public accountant, or partnership or corporation composed of certified public accountants or licensed public accountants, provided that the employee or assistant shall not issue any accounting or financial statement over his name.

Subd. 2. The board, by rule, may permit persons holding a certificate issued pursuant to section 326.18, but who do not hold a current license, to assume or use the title or designation "certified public accountant" or "licensed public accountant," or the abbreviation "C.P.A.," "L.P.A.," or other title, designation, words, letters, abbreviation, sign, card, or device tending to indicate that the person is a certified public accountant or licensed public accountant, provided (a) that the board has not revoked, suspended, or refused to renew a license previously issued to the person; (b) that the assumption or use is not incident to the practice of public accountancy; and (c) that the assumption or use is not in conjunction with or incident to any opinion or certificate within the purview of section 6.

Subd. 3. Nothing contained in sections 1 to 13 shall prohibit any corporation from performing accounting services incident to a commercial relationship with another corporation, cooperative association, or cooperative corporation involving either the extension of credit or the performance of sales, purchasing, or marketing functions if any financial reports prepared incident thereto are marked "Unaudited" and disclose the identity of the preparer and its lack of independence.

Subd. 4. Nothing contained in sections 1 to 13 shall prohibit any person, partnership or corporation, not licensed under sections 1 to 13, from preparing and presenting unaudited financial statements and unaudited schedules on printed forms or the letterheads of the preparer if they are clearly marked on each page, "Unaudited".

Subd. 5. Nothing contained in sections 1 to 13 shall prohibit any person, partnership or corporation, not licensed under sections 1 to 13, from preparing tax returns.

Sec. 10. Minnesota Statutes 1978, Chapter 326, is amended by adding a section to read:

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[326.223] EQUIVALENCY. Whenever any statute or rule specifically requires professional services to be performed by a certified public accountant, the requirement shall be construed to mean certified public accountant or licensed public accountant.

Sec. 11. Minnesota Statutes 1978, Chapter 326, is amended by adding a section to read:

[326.224] SINGLE ACT EVIDENCE OF PRACTICE. Displaying or presenting a card, sign, advertisement, or other printed, engraved, or written instrument or device bearing a person's name in conjunction with the words "certified public accountant" or any abbreviation thereof, or "licensed public accountant" or any abbreviation thereof, except as permitted by sections 1 to 13, shall be prima facie evidence in any action brought under sections 326.17 to 326.23 and sections 1 to 12 of this act that the person whose name is so displayed caused or procured the displaying or presenting of the card, sign, advertisement, or other printed, engraved, or written instrument or device, and that the person is holding himself out to be a certified public accountant or a licensed public accountant. In any action evidence of the commission of a single act prohibited by sections 1 to 13 and sections 326.17 to 326.23 shall be sufficient to justify an injunction or a conviction without evidence of a general course of conduct.

Sec. 12. Minnesota Statutes 1978, Chapter 326, is amended by adding a section to read:

[326.231] VIOLATIONS; PENALTY. Any violation of the provisions of sections 326.17 to 326.23 shall be a gross misdemeanor.

Sec. 13. **[326.225] PRIOR CERTIFICATES.** Persons who on the effective date of this section held certified public accountant certificates issued under the laws of this state shall not be required to obtain additional certificates under sections 326.17 to 326.23, but shall otherwise be subject to all provisions of those sections.

Sec. 14. **APPROPRIATION.** The sum of \$66,000 is appropriated from the general fund to the state board of accountancy to implement sections 1 to 13 of this act, to be available for the fiscal year ending June 30 in the years indicated.

<u>1980</u>	<u>1981</u>
\$43,500	\$ 22,500

Sec. 15. **REPEALER.** Minnesota Statutes 1978, Sections 326.17; 326.18; 326.19; 326.20; 326.21; 326.22; 326.23 are repealed effective July 1, 1982.

Sec. 16. **EFFECTIVE DATE.** Section 7 is effective July 1, 1980. The remaining sections are effective the day following final enactment.

Approved June 5, 1979.

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