

**STATE OF ALASKA  
DEPARTMENT OF COMMERCE, COMMUNITY AND  
ECONOMIC DEVELOPMENT  
DIVISION OF CORPORATIONS, BUSINESS AND PROFESSIONAL LICENSING  
BOARD OF PUBLIC ACCOUNTANCY**

**MINUTES OF MEETING  
September 17, 2008**

By authority of AS 08.01.070(2), and in compliance with the provisions of AS 44.62, Article 6, a scheduled teleconference meeting of the Alaska State Board of Public Accountancy was held on September 17, 2008, beginning at 1:35 p.m. The meeting was held by teleconference originating at 333 Willoughby Avenue in Juneau, Alaska.

**Wednesday, September 17, 2008**

**Call to Order/Roll Call**

Max Mertz, Chair, called the meeting to order at 1:35 a.m.

Those present, constituting a quorum of the Board:

Max Mertz, CPA, Chair – Juneau  
Carla Bassler, CPA, Secretary/Treasurer – Anchorage  
Bruce Gabrys, CPA – Anchorage  
Elaine Williamson, CPA – Fairbanks

In attendance from the Department of Commerce, Community and Economic Development, Division of Corporations, Business and Professional Licensing, was:

Veida Forrest, Licensing Examiner – Juneau

In attendance from the public via teleconference was:

Melody Schneider and Lisa Rogers, representing the Alaska Society of CPAs (ASCPA)  
Ken Bishop, Senior Vice President of NASBA, representing the National Association of State Boards of Accountancy (NASBA)  
Cathy Landau-Painter, a principal of KPMG, representing the Accountants Coalition  
Virgil Web, Assistant General Council, Representing the American Institute of Certified Public Accountants (AICPA)  
Doug Cox, partner, and John Cook, representing the law firm Gibson Dunn

**Agenda Item 1 – Gibson Draft Mobility Bill**

Ms. Cathy Landau-Painter asked if all the teleconference participants had received the two new drafts, the mobility draft and the firm registration draft. Ms. Lisa Rogers stated that she did not have the draft bills. Mr. Mertz supplied the draft bills to Ms. Rogers. Mr. Doug Cox stated that the two new bills were created in response to the Boards concerns.

Mr. Max Mertz stated that upon his reading of the new draft mobility bill the wording of 08.04.075 was more similar to the current wording and did not appear to materially change this section. Ms. Melody Schneider stated that she had been unaware that this section was going to be included in the redraft.

Ms. Schneider noted that she would report to the Alaska Society of Certified Public Accountants that the changes made do not impact the intent of the current statutes. Mr. Mertz stated that the redraft makes it clearer that Alaska is substantially equivalent. Mr. Ken Bishop added that this section allows Alaska to use an entity other than the Board of Public Accountancy to make the determination if a person is substantially equivalent.

Mr. Cox stated that Gibson Dunn removed all of the proposed changes to 08.04.195 and preserved the current statute. Mr. Virgil Webb stated that the issue with leaving AS 08.04.195 in its present form is that a person with fewer than four years of public accountancy may have difficulty getting licensed in Alaska. Ms. Rogers replied that licensure only becomes problematic if a person does not have a minimum of two years of public accountancy experience and the required attest function hours to apply for licensure by examination. Mr. Mertz agreed that the 4/10 requirement was to prevent CPA's from becoming licensed without adequate experience. Mr. Bishop stated that Alaska is not alone in having higher licensure requirements for people who want a license.

Mr. Cox stated that in AS 08.04.0420 the proposed draft deleted all reference to UAA and the NASBA Qualification Appraisal Services. Ms. Carla Bassler noted that AS 08.04.420(a)(1)(C) that through a practice privilege a person can work in the State with one year of experience. Mr. Webb stated that this is true, however, that person must be working for a firm that has a practice privilege with the State. Mr. Webb noted that this one year requirement is part of being substantially equivalent. Mr. Mertz asked why the references to an outside organization were completely and replaced with the exact requirements. Mr. Mertz noted that he was concerned that the Board would not be allowed to use an outside service to determine substantial mobility. Mr. Webb stated that this section details the requirements to be substantially equivalent. Mr. Bishop asked how a person could be determined to be substantially equivalent without having to submit an application to the Board. Mr. Cox stated that the Board can still use another service because AS 08.04.075 references the use of a service.

The Board discussed the separate proposed changes to firm ownership requirements. Mr. Cox stated that the proposed changes decrease the ownership from 100% to majority ownership. Mr. Cox noted that having 100% ownership creates a hurdle to mobility as it is not consistent with the UAA. Mr. Cox state that a key provision of UAA is that a simple majority of ownership must belong to licensed CPAs. Ms. Landau-Painter stated that there are only 3-5 states that do not have majority ownership. Mr. Mertz stated that when he presented this idea to the ASCPA luncheon in Fairbanks people responded that this seems reasonable and a few recognized that firms in Alaska are already competing against firms from the rest of the US that do not have 100% ownership. Mr. Mertz recognized that the Alaska Board of Public Accountancy and the ASCPA still need to discuss this. Mr. Bishop stated that if Alaska does not implement the majority ownership statutes, once mobility is implemented, a firm may be determined to be substantially equivalent, but unable to get a practice privilege in Alaska as there is not 100% ownership. Mr. Bishop noted that the UAA provides protection over who can own part of a firm and states that the owners must be active principles.

Ms. Rogers stated that in the last round of statute changes 100% ownership was originally addressed, however, it became clear that it was going to stall the substantial mobility movement as a whole if left in. Mr. Mertz asked Ms. Rogers if it would be ok to try and bring this issue back up with the ASCPA members. Ms. Rogers stated that she would bring it up to ASCPA membership, however, she wanted to know how members would respond before adding it to a legislative bill. Ms. Rogers agreed with the Board's decision to keep firm ownership as a separate item for the time being. Ms. Rogers also suggested that she and Mr. Mertz speak to Representative Mike Hawker

about the legislative process to see if it would be appropriate to introduce two Public Accountancy bills in one session.

Mr. Mertz noted his concern about ASCPA members disapproving of firm ownership statute changes. Mr. Bruce Gabrys stated that he had circulated the idea of changing firm ownership statutes among CPAs that he knows. Mr. Gabrys stated that most of the people he spoke to did not see a problem with a change but did not necessarily see why there needs to be a change. Mr. Gabrys noted that Alaskan CPA firms already compete with outside firms that do not have 100% ownership and believes that the Board and the ASCPA needs to educate the CPA population in Alaska regarding firm ownership. Mr. Gabrys also noted that he felt firm ownership is also a public protection issue.

Ms. Schneider brought to the attention of the Board the definition of compilation. Ms. Schneider asked Ms. Rogers if the Alaska Society of Independent Accountants (ASIA) may take issue with this definition. Mr. Roger stated that although she does not know the current position of ASIA, the last time there were statutory changes in the legislature ASIA fought to maintain independent accountant rights to do compilations. Ms. Rogers noted that ASIA may fight a bill that seems to give proprietary rights of compilations to CPA's. Mr. Bishop and Mr. Cox noted that the definition of compilation includes a reference for them to be in accordance with SSARS and is referenced specifically for practice privileges. Mr. Cox stated that if the compilation is not a SSARS compilation, it would still fall under the grandfather clauses in AS 08.04.680(14).

The Board agreed to try and move the mobility bill forward as present to them by Gibson Dunn and to keep the firm ownership bill separate. Mr. Gabry volunteered to work the ASCPA to educate Alaskan CPA's about firm registration. Mr. Cox noted that the firm registration bill is not a final draft and can still changed as necessary. Mr. Mertz stated that he should share any legislative research with NASBA, the AICPA, the Accountants Coalition and Gibson Dunn, however, he is not expecting this research to be done until after the Alaska legislative session starts.

Mr. Mertz thanked all parties of the teleconference for attending and reviewing the draft bills.

There being no further business the Board adjourned at 2:43 pm.

Respectfully Submitted:

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Veida Forrest  
Licensing Examiner

Approved:

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Max Mertz, Chairman  
Board of Public Accountancy

Date: \_\_\_\_\_