

LEGISLATURE OF NEBRASKA  
ONE HUNDRED SEVENTH LEGISLATURE  
SECOND SESSION

**LEGISLATIVE BILL 894**

Introduced by Stinner, 48.

Read first time January 07, 2022

Committee: Banking, Commerce and Insurance

1 A BILL FOR AN ACT relating to the Public Accountancy Act; to amend  
2 section 1-162.01, Revised Statutes Cumulative Supplement, 2020; to  
3 change provisions relating to firm ownership; and to repeal the  
4 original section.

5 Be it enacted by the people of the State of Nebraska,

1 Section 1. Section 1-162.01, Revised Statutes Cumulative Supplement,  
2 2020, is amended to read:

3 1-162.01 (1) Notwithstanding the Nebraska Professional Corporation  
4 Act or the Public Accountancy Act or any other provision of law  
5 inconsistent with this section, firms may have owners who are not  
6 certified public accountants if the following conditions are met:

7 (a) Such owners shall be:

8 (i) Natural persons;

9 (ii) An employee stock ownership plan as described and defined in 26  
10 U.S.C. 401(a) and 26 U.S.C. 4975(e)(7), as such subsections existed on  
11 January 1, 2019;

12 (iii) A partnership or limited liability company; or

13 (iv) A corporation;

14 ~~(b) Such owners, whether direct or beneficial, who are natural~~  
15 ~~persons shall not exceed, in the aggregate, forty-nine percent of the~~  
16 ~~total number of owners of such firm;~~

17 ~~(b) (c)~~ Such owners ~~who are natural persons~~ shall not hold, in the  
18 aggregate, directly or beneficially, more than forty-nine percent of such  
19 firm's equity capital or voting rights or receive, in the aggregate,  
20 directly or beneficially, more than forty-nine percent of such firm's  
21 profits or losses;

22 ~~(c)(i) (d)~~ Such owners who are not natural persons shall not, in the  
23 aggregate, directly or beneficially, comprise a majority of the total  
24 number of owners of a firm; and

25 (ii) Such owners who are natural persons may, in the aggregate,  
26 directly or beneficially, comprise a majority of the total number of  
27 owners of a firm;

28 ~~(e) Such owners shall not, in the aggregate, directly or~~  
29 ~~beneficially, hold one half or more of the equity capital of the firm and~~  
30 ~~possess majority voting rights of the firm;~~

31 ~~(d) (f)~~ Such owners, whether direct or beneficial, who are natural

1 persons shall not hold themselves out as certified public accountants;

2 (e) ~~(g)~~ Such owners, whether direct or beneficial, who are natural  
3 persons shall not hold themselves out to the general public or to any  
4 client as an owner, partner, shareholder, limited liability company  
5 member, director, officer, or other official of the firm except in a  
6 manner specifically permitted by the rules and regulations of the board;

7 (f) ~~(h)~~ Such owners, whether direct or beneficial, who are natural  
8 persons shall not have ultimate responsibility for the performance of any  
9 audit, review, or compilation of financial statements or other forms of  
10 attestation related to financial information;

11 (g) ~~(i)~~ Such owners who are natural persons shall not be direct or  
12 beneficial owners of a firm engaged in the practice of public accountancy  
13 without board approval if such natural persons (i) have been convicted of  
14 any felony under the laws of any state, of the United States, or of any  
15 other jurisdiction, (ii) have been convicted of any crime, an element of  
16 which is dishonesty or fraud, under the laws of any state, of the United  
17 States, or of any other jurisdiction, (iii) have had their professional  
18 or vocational licenses, if any, suspended or revoked by a licensing  
19 agency of any state of the United States or of any other jurisdiction or  
20 such persons have otherwise been the subject of other final disciplinary  
21 action by any such agency, or (iv) are in violation of any rule or  
22 regulation regarding character or conduct adopted and promulgated by the  
23 board relating to owners who are not certified public accountants;

24 (h) ~~(j)~~ Such owners, if a partnership, limited liability company, or  
25 corporation: (i) Hold a permit under section 1-136; (ii) do not have the  
26 ultimate responsibility for the firm's performance of audits, reviews, or  
27 compilations of financial statements or other forms of attestation  
28 relating to financial information; and (iii) have their owners comply  
29 with this section, so long as any natural persons who have an ownership  
30 or beneficial interest in such partnership, limited liability company, or  
31 corporation, directly or beneficially, meet, as if such natural persons

1 or entities were direct owners in the firm, the requirements of  
2 subdivisions (1)(b) through (g) ~~(i)~~ of this section;

3 (i) ~~(k)~~ Such beneficial owners under an employee stock ownership  
4 plan shall be natural persons actively participating in the business of  
5 the firm or an entity controlled by the firm. All of the trustees of such  
6 employee stock ownership plans shall be natural persons who are certified  
7 public accountants, except in the event that a conflict of interest  
8 exists for one or more trustees with respect to a specific issue or  
9 transaction, such trustees may appoint a special independent trustee or  
10 special fiduciary, who is not a certified public accountant or otherwise  
11 legally authorized to render professional services in public accountancy,  
12 which special independent trustee or special fiduciary shall be  
13 authorized to make decisions only with respect to the specific issue or  
14 transaction that is the subject of the conflict; and

15 (j) ~~(l)~~ Such owners who are natural persons shall actively  
16 participate in the firm if such owners are direct owners, or shall  
17 actively participate in the partnership, limited liability company, or  
18 corporation through which the natural person has beneficial ownership of  
19 the firm.

20 (2) The issuance or transfer of any shares of stock or equity  
21 interests in a firm in violation of this section is void. No shareholder  
22 or equity owner of a firm shall enter into a voting trust agreement or  
23 any other type of agreement vesting in another person the authority to  
24 exercise the voting power of any of the stock or equity of a firm.

25 (3) The board shall adopt and promulgate rules and regulations for  
26 purposes of interpretation and enforcement of compliance with this  
27 section.

28 Sec. 2. Original section 1-162.01, Revised Statutes Cumulative  
29 Supplement, 2020, is repealed.