

SENATE BILL REPORT

ESHB 1588

AS REPORTED BY COMMITTEE ON GOVERNMENTAL OPERATIONS,
APRIL 4, 1991

Brief Description: Regulating the board of accountancy.

SPONSORS: House Committee on State Government (originally sponsored by Representatives Pruitt, Bowman, Anderson, McLean and Paris; by request of State Board of Accountancy).

HOUSE COMMITTEE ON STATE GOVERNMENT

HOUSE COMMITTEE ON REVENUE

SENATE COMMITTEE ON GOVERNMENTAL OPERATIONS

Majority Report: Do pass as amended.

Signed by Senators McCaslin, Chairman; Roach, Vice Chairman; Madsen, and Sutherland.

Staff: Martin Lovinger (786-7443)

Hearing Dates: April 4, 1991

BACKGROUND:

Currently there are five members on the Washington Board of Accountancy. Four members hold Certified Public Accountant (CPA) certificates and have been in public practice as CPAs in Washington for the previous 10 years. The fifth member of the board is the public member. The Governor appoints members to the Accountancy Board. The board then hires its own staff.

The board charges several different examination, registration, and licensing fees. One set of examination fees charged by the board goes into a dedicated fund known as the Certified Public Accountants' Account. All other fees collected by the board go into the state general fund.

In addition to holding a certificate, a CPA with a public practice must also hold a license. There is some ambiguity in existing law regarding the appropriate use of the title "Certified Public Accountant" by those who hold a certificate but do not hold a license. Also, the board currently has the authority to revoke or suspend the license of a CPA, but this authority does not extend to a certificate.

SUMMARY:

Two members are added to the Board of Accountancy, bringing the number of members to seven. The two new members must have held valid Washington CPA certificates for at least 10 years but do not have to meet the public practice stipulation.

The Governor is to appoint the executive director of the board. The executive director must be a licensed CPA. The executive director is given the authority to employ staff.

Eighty percent of the fees received by the board are to be deposited in the Certified Public Accountants' Account. Twenty percent of fees will be deposited to the state general fund.

The board is given the authority to specify the manner and circumstances for the use of the CPA title by those who hold certificates but not licenses. The board's authority to revoke, suspend, or refuse to renew licenses is expanded to include certificates.

Appropriation: none

Revenue: none

Fiscal Note: available

Effective Date: The bill contains an emergency clause and takes effect July 1, 1991.

SUMMARY OF PROPOSED SENATE AMENDMENT:

The Governor does not appoint an executive director. The board employs such personnel as it requires to perform its duties.

TESTIMONY FOR:

The bill would add two new members to the board. They are needed due to the growth in number of CPAs. Present funding is inadequate and this bill addresses that problem. The bill provides clear authority over those who have CPA certificates but do not have licenses.

TESTIMONY AGAINST: None

TESTIFIED: Tom Richardson, Chairman, Board of Accountancy; Jim Boldt, Washington Society of CPAs