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SENATE BILL 5238

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State of Washington

56th Legislature

1999 Regular Session

By Senators Gardner, Horn, Patterson, McCaslin and Winsley

Read first time 01/18/1999. Referred to Committee on Commerce, Trade, Housing & Financial Institutions.

1 AN ACT Relating to the accountancy board determination of  
2 continuing professional education for certified public accountants; and  
3 amending RCW 18.04.105 and 18.04.215.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

5 **Sec. 1.** RCW 18.04.105 and 1992 c 103 s 7 are each amended to read  
6 as follows:

7 (1) The certificate of "certified public accountant" shall be  
8 granted by the board to any person:

9 (a) Who is of good character. Good character, for purposes of this  
10 section, means lack of a history of dishonest or felonious acts. The  
11 board may refuse to grant a certificate on the ground of failure to  
12 satisfy this requirement only if there is a substantial connection  
13 between the lack of good character of the applicant and the  
14 professional responsibilities of a certified public accountant and if  
15 the finding by the board of lack of good character is supported by a  
16 preponderance of evidence. When an applicant is found to be  
17 unqualified for a certificate because of a lack of good character, the  
18 board shall furnish the applicant a statement containing the findings  
19 of the board and a notice of the applicant's right of appeal;

1 (b) Who has met the educational standards established by rule as  
2 the board determines to be appropriate;

3 The board may, in its discretion, waive the educational  
4 requirements for any person if it is satisfied through review of  
5 documentation of successful completion of an equivalency examination  
6 that the person's educational qualifications are an acceptable  
7 substitute for the requirements of (b) of this subsection; and

8 (c) Who has passed a written examination.

9 (2) The examination described in subsection (1)(c) of this section  
10 shall be in writing, shall be held twice a year, and shall test the  
11 applicant's knowledge of the subjects of accounting and auditing, and  
12 other related fields the board may specify by rule. The time for  
13 holding the examination is fixed by the board and may be changed from  
14 time to time. The board shall prescribe by rule the methods of  
15 applying for and taking the examination, including methods for grading  
16 papers and determining a passing grade required of an applicant for a  
17 certificate. The board shall to the extent possible see to it that the  
18 grading of the examination, and the passing grades, are uniform with  
19 those applicable to all other states. The board may make use of all or  
20 a part of the uniform certified public accountant examination and  
21 advisory grading service of the American Institute of Certified Public  
22 Accountants and may contract with third parties to perform  
23 administrative services with respect to the examination as the board  
24 deems appropriate to assist it in performing its duties under this  
25 chapter.

26 (3) An applicant is required to pass all sections of the  
27 examination provided for in subsection (2) of this section in order to  
28 qualify for a certificate. If at a given sitting of the examination an  
29 applicant passes two or more but not all sections, then the applicant  
30 shall be given credit for those sections that he or she passed, and  
31 need not take those sections again: PROVIDED, That:

32 (a) The applicant took all sections of the examination at that  
33 sitting;

34 (b) The applicant attained a minimum grade of fifty on each section  
35 not passed at that sitting;

36 (c) The applicant passes the remaining sections of the examination  
37 within six consecutive examinations given after the one at which the  
38 first sections were passed;

1 (d) At each subsequent sitting at which the applicant seeks to pass  
2 additional sections, the applicant takes all sections not yet passed;  
3 and

4 (e) In order to receive credit for passing additional sections in  
5 a subsequent sitting, the applicant attains a minimum grade of fifty on  
6 sections written but not passed on the sitting.

7 (4) The board may waive or defer any of the requirements of  
8 subsection (3) of this section for candidates transferring conditional  
9 CPA exam credits from other states or for qualifying reciprocity  
10 certification applicants who met the conditioning requirements of the  
11 state or foreign jurisdiction issuing their original certificate.

12 (5) The board shall charge each applicant an examination fee for  
13 the initial examination under subsection (1) of this section, or for  
14 reexamination under subsection (3) of this section for each subject in  
15 which the applicant is reexamined. The applicable fee shall be paid by  
16 the person at the time he or she applies for examination,  
17 reexamination, or evaluation of educational qualifications. Fees for  
18 examination, reexamination, or evaluation of educational qualifications  
19 shall be determined by the board under chapter 18.04 RCW. There is  
20 established in the state treasury an account to be known as the  
21 certified public accountants' account. All fees received from  
22 candidates to take any or all sections of the certified public  
23 accountant examination shall be used only for costs related to the  
24 examination.

25 (6) Persons who on June 30, 1986, held certified public accountant  
26 certificates previously issued under the laws of this state shall not  
27 be required to obtain additional certificates under this chapter, but  
28 shall otherwise be subject to this chapter. Certificates previously  
29 issued shall, for all purposes, be considered certificates issued under  
30 this chapter and subject to its provisions.

31 (7) A certificate of a "certified public accountant" under this  
32 chapter is issued on a biennial basis with renewal subject to  
33 requirements of continuing professional education and payment of fees,  
34 prescribed by the board.

35 (8) The board shall adopt rules providing for continuing  
36 professional education for certified public accountants. The rules  
37 shall:

38 (a) Provide that a certified public accountant shall verify to the  
39 board that he or she has completed at least an accumulation of

1 ((~~eighty~~)) one hundred twenty hours of continuing professional  
2 education during the last ((~~two-year~~)) three-year period to maintain  
3 the certificate;

4 (b) Establish continuing professional education requirements;

5 (c) Establish when newly certificated public accountants shall  
6 verify that they have completed the required continuing professional  
7 education; ((~~and~~))

8 (d) Provide that failure to furnish verification of the completion  
9 of the continuing professional education requirement shall make the  
10 certificate invalid and subject to reinstatement, unless the board  
11 determines that the failure was due to retirement, reasonable cause, or  
12 excusable neglect; and

13 (e) Provide for transition from existing to new continuing  
14 professional education requirements.

15 (9) The board may adopt by rule new CPE standards that differ from  
16 those in subsection (8) of this section or RCW 18.04.215 if the new  
17 standards comply with the CPE standards in the uniform accountancy act  
18 as proposed by the American institute of certified public accountants  
19 and the national association of state boards of accountancy.

20 **Sec. 2.** RCW 18.04.215 and 1992 c 103 s 10 are each amended to read  
21 as follows:

22 (1) Biennial licenses shall be issued by the board:

23 (a) To holders of certificates as certified public accountants who  
24 have demonstrated, in accordance with rules issued by the board, one  
25 year of public accounting experience, or such other experience or  
26 employment which the board in its discretion regards as substantially  
27 equivalent and who, if their certificate was issued more than forty-  
28 eight months prior to application under this section, submit to the  
29 board satisfactory proof of having completed an accumulation of  
30 ((~~eighty~~)) one hundred twenty hours of continuing professional  
31 education during the ((~~twenty-four~~)) thirty-six months preceding the  
32 application;

33 (b) To firms under RCW 18.04.195, if all offices of the firm in  
34 this state are maintained and registered as required under RCW  
35 18.04.205.

36 (2) The board shall, by rule, provide for a system of certificate  
37 and license renewal. Applicants for issuance or renewal of  
38 certificates or licenses shall, at the time of filing their

1 applications, list with the board all states and foreign jurisdictions  
2 in which they hold or have applied for certificates, permits or  
3 licenses to practice.

4 (3) A certified public accountant who holds a permit or license  
5 issued by another state, and applies for a license in this state, may  
6 practice in this state from the date of filing a completed application  
7 with the board, until the board has acted upon the application provided  
8 the application is made prior to holding out as a certified public  
9 accountant in this state and no sanctions or investigations, deemed by  
10 the board to be pertinent to public accountancy, by other jurisdictions  
11 or agencies are in process.

12 (4) A certified public accountant shall submit to the board  
13 satisfactory proof of having completed an accumulation of (~~eighty~~)  
14 one hundred twenty hours of continuing education recognized and  
15 approved by the board during the preceding (~~two~~) three years.  
16 Failure to furnish this evidence as required shall make the certificate  
17 invalid and subject to reinstatement procedures, unless the board  
18 determines the failure to have been due to retirement, reasonable  
19 cause, or excusable neglect.

20 The board in its discretion may renew a certificate or license  
21 despite failure to furnish evidence of compliance with requirements of  
22 continuing professional education upon condition that the applicant  
23 follow a particular program of continuing professional education. In  
24 issuing rules and individual orders with respect to continuing  
25 professional education requirements, the board, among other  
26 considerations, may rely upon guidelines and pronouncements of  
27 recognized educational and professional associations, may prescribe  
28 course content, duration, and organization, and may take into account  
29 the accessibility of continuing education to applicants and instances  
30 of individual hardship.

31 (5) Fees for issuance or renewal of certificates and licenses in  
32 this state shall be determined by the board under chapter 18.04 RCW.  
33 Fees shall be paid by the applicant at the time the application form is  
34 filed with the board. The board, by rule, may provide for proration of  
35 fees for certificates and licenses issued between normal renewal dates.

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