
HOUSE BILL 1586

State of Washington

57th Legislature

2001 Regular Session

By Representatives Conway and Clements; by request of State Board of Accountancy

Read first time 01/30/2001. Referred to Committee on Commerce & Labor.

1 AN ACT Relating to allowing in-state practice privileges to out-of-
2 state certified public accountants; and amending RCW 18.04.025 and
3 18.04.350.

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

5 **Sec. 1.** RCW 18.04.025 and 1999 c 378 s 1 are each amended to read
6 as follows:

7 Unless the context clearly requires otherwise, the definitions in
8 this section apply throughout this chapter.

9 (1) "Board" means the board of accountancy created by RCW
10 18.04.035.

11 (2) "Certified public accountant" or "CPA" means a person holding
12 a certified public accountant certificate.

13 (3) "State" includes the states of the United States, the District
14 of Columbia, Puerto Rico, Guam, and the United States Virgin Islands.

15 (4) "Reports on financial statements" means any reports or opinions
16 prepared by certified public accountants, based on services performed
17 in accordance with generally accepted auditing standards, standards for
18 attestation engagements, or standards for accounting and review
19 services as to whether the presentation of information used for

1 guidance in financial transactions or for accounting for or assessing
2 the status or performance of commercial and noncommercial enterprises,
3 whether public, private, or governmental, conforms with generally
4 accepted accounting principles or other comprehensive bases of
5 accounting.

6 (5) The "practice of public accounting" means performing or
7 offering to perform by a person or firm holding itself out to the
8 public as a licensee, for a client or potential client, one or more
9 kinds of services involving the use of accounting or auditing skills,
10 including the issuance of "audit reports," "review reports," or
11 "compilation reports" on financial statements, or one or more kinds of
12 management advisory, or consulting services, or the preparation of tax
13 returns, or the furnishing of advice on tax matters. The "practice of
14 public accounting" shall not include practices that are permitted under
15 the provisions of RCW 18.04.350(~~(+6)~~) (7) by persons or firms not
16 required to be licensed under this chapter.

17 (6) "Firm" means a sole proprietorship, a corporation, or a
18 partnership. "Firm" also means a limited liability company formed
19 under chapter 25.15 RCW.

20 (7) "CPE" means continuing professional education.

21 (8) "Certificate" means a certificate as a certified public
22 accountant issued under this chapter, or a corresponding certificate
23 issued by another state or foreign jurisdiction that is recognized in
24 accordance with the reciprocity provisions of RCW 18.04.180 and
25 18.04.183.

26 (9) "Licensee" means the holder of a (~~valid~~) license to practice
27 public accountancy or a permit for practice privileges issued under
28 this chapter.

29 (10) "License" means a license to practice public accountancy or a
30 permit for practice privileges issued to an individual (~~or~~) under
31 this chapter, or a license to practice public accountancy issued to a
32 firm under this chapter.

33 (11) "Quality assurance review" means a process established by and
34 conducted at the direction of the board of study, appraisal, or review
35 of one or more aspects of the professional work of a person or firm in
36 the practice of public accountancy, by a person or persons who hold
37 certificates and who are not affiliated with the person or firm being
38 reviewed.

1 (12) "Quality review" means a study, appraisal, or review of one or
2 more aspects of the professional work of a person or firm in the
3 practice of public accountancy, by a person or persons who hold
4 certificates and who are not affiliated with the person or firm being
5 reviewed, including a peer review, or any internal review or inspection
6 intended to comply with quality control policies and procedures, but
7 not including the "quality assurance review" under subsection (11) of
8 this section.

9 (13) "Review committee" means any person carrying out,
10 administering or overseeing a quality review authorized by the
11 reviewee.

12 (14) "Rule" means any rule adopted by the board under authority of
13 this chapter.

14 (15) "Holding out" means any representation to the public by the
15 use of restricted titles as set forth in RCW 18.04.345 by a person or
16 firm that the person or firm is a certified public accountant and that
17 the person or firm offers to perform any professional services to the
18 public as a certified public accountant. "Holding out" shall not
19 affect or limit a person not required to hold a certificate under this
20 chapter or a person or firm not required to hold a license under this
21 chapter from engaging in practices identified in RCW 18.04.350(~~(+6)~~)
22 (7).

23 **Sec. 2.** RCW 18.04.350 and 1992 c 103 s 15 are each amended to read
24 as follows:

25 (1) Nothing in this chapter prohibits any person not a certified
26 public accountant from serving as an employee of, or as assistant to,
27 a certified public accountant or partnership composed of certified
28 public accountants or corporation of certified public accountants
29 holding a valid license under RCW 18.04.215. However, the employee or
30 assistant shall not issue any accounting or financial statement over
31 his or her name.

32 (2) Nothing in this chapter prohibits a certified public accountant
33 (~~(registered)~~) holding a valid certificate or license to practice
34 public accountancy in another state, or any accountant of a foreign
35 country holding a valid certificate, degree or license which permits
36 him or her to practice therein from temporarily practicing in this
37 state on professional business incident to his or her regular practice

1 provided he or she does not advertise to provide services in this state
2 and he or she does not maintain an office location in this state.

3 (3) Nothing in this chapter prohibits a certified public accountant
4 holding a valid certificate or license to practice in another state
5 from obtaining a three-year permit for practice privileges from the
6 board. The permit for practice privileges allows a certified public
7 accountant who does not have a principal place of business in this
8 state to provide services on a regular basis, advertise to provide
9 services, and maintain an office in this state. The board shall
10 establish by rule the requirements for obtaining a three-year permit
11 for practice privileges, which must include a fee comparable to the fee
12 for a license to practice public accountancy. The certified public
13 accountant issued a permit for practice privileges shall abide by this
14 chapter and the rules under this chapter. Out-of-state certified
15 public accountants holding a valid permit for practice privileges are
16 subject to discipline for violation of this chapter. However, they are
17 exempt from the continuing education requirements of this chapter
18 provided they have met the continuing education requirements of the
19 state in which they hold a valid certificate or license.

20 (4) Nothing in this chapter prohibits a certified public
21 accountant, a partnership, or corporation of certified public
22 accountants, or any of their employees from disclosing any data in
23 confidence to other certified public accountants, quality or peer
24 review teams, partnerships, or corporations of public accountants or to
25 the board or any of its employees engaged in conducting quality,
26 quality assurance, or peer reviews, or any one of their employees in
27 connection with quality or peer reviews of that accountant's accounting
28 and auditing practice conducted under the auspices of recognized
29 professional associations.

30 ((+4)) (5) Nothing in this chapter prohibits a certified public
31 accountant, a partnership, or corporation of certified public
32 accountants, or any of their employees from disclosing any data in
33 confidence to any employee, representative, officer, or committee
34 member of a recognized professional association, or to the board of
35 accountancy, or any of its employees or committees in connection with
36 a professional investigation held under the auspices of recognized
37 professional associations or the board of accountancy.

38 ((+5)) (6) Nothing in this chapter prohibits any officer,
39 employee, partner, or principal of any organization:

1 (a) From affixing his or her signature to any statement or report
2 in reference to the affairs of the organization with any wording
3 designating the position, title, or office which he or she holds in the
4 organization; or

5 (b) From describing himself or herself by the position, title, or
6 office he or she holds in such organization.

7 (~~(6)~~) (7) Nothing in this chapter prohibits any person, or
8 partnership or corporation composed of persons not holding a license
9 under RCW 18.04.215 from offering or rendering to the public
10 bookkeeping, accounting, tax services, the devising and installing of
11 financial information systems, management advisory, or consulting
12 services, the preparation of tax returns, or the furnishing of advice
13 on tax matters, the preparation of financial statements, written
14 statements describing how such financial statements were prepared, or
15 similar services, provided that persons, partnerships, or corporations
16 not holding a license under RCW 18.04.215 who offer or render these
17 services do not designate any written statement as an "audit report,"
18 "review report," or "compilation report," do not issue any written
19 statement which purports to express or disclaim an opinion on financial
20 statements which have been audited, and do not issue any written
21 statement which expresses assurance on financial statements which have
22 been reviewed.

23 (~~(7)~~) (8) Nothing in this chapter prohibits any act of or the use
24 of any words by a public official or a public employee in the
25 performance of his or her duties.

26 (~~(8)~~) (9) Nothing contained in this chapter prohibits any person
27 who holds only a valid certified public accountant certificate from
28 assuming or using the designation "certified public accountant" or
29 "CPA" or any other title, designation, words, letters, sign, card, or
30 device tending to indicate the person is a certified public accountant,
31 provided, that such person shall not hold himself or herself out to the
32 public as engaged in the practice of public accounting unless that
33 person holds a valid license in addition to the certificate under RCW
34 18.04.215.

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