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HOUSE BILL 2496

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State of Washington                      60th Legislature                      2008 Regular Session

By Representatives Conway, Williams, Condotta, Moeller, Chandler,  
Green, Hurst, Wood, McIntire, Kenney, and Chase

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on Commerce & Labor.

1            AN ACT Relating to enhancing the mobility of certified public  
2 accountants; amending RCW 18.04.025, 18.04.195, 18.04.205, 18.04.345,  
3 and 18.04.350; and creating a new section.

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

5            NEW SECTION.    **Sec. 1.** The legislature finds the multiple state  
6 licensing and registering requirements for certified public accountants  
7 to be cumbersome and an unnecessary constraint on the consumers of  
8 professional certified public accountant services. In the majority of  
9 United States jurisdictions, certified public accountants are licensed  
10 based on substantially equivalent education, national exam, and  
11 experience requirements. Yet in order to serve their various client  
12 needs, certified public accountants must often delay service while they  
13 first spend countless hours and dollars to register with regulators in  
14 the jurisdictions of the client.

15            To clarify the legislative intent of chapter 294, Laws of 2001,  
16 reduce the administrative licensing burden on certified public  
17 accountants licensed in any substantially equivalent jurisdiction, and  
18 facilitate consumer choice, the legislature intends to eliminate the  
19 requirement for out-of-state certified public accountants to notify the

1 Washington state board of accountancy of intent to practice and pay a  
2 fee, unless these individuals or firms are providing audit or opinion-  
3 type services. This requirement will be replaced with "consent to  
4 automatic jurisdiction." "Consent to automatic jurisdiction" clarifies  
5 the legal disciplinary authority of the Washington state board of  
6 accountancy over out-of-state certified public accountants practicing  
7 in Washington state, allowing the board to more efficiently protect  
8 consumers while facilitating practice mobility and consumer choice.

9 **Sec. 2.** RCW 18.04.025 and 2001 c 294 s 2 are each amended to read  
10 as follows:

11 Unless the context clearly requires otherwise, the definitions in  
12 this section apply throughout this chapter.

13 (1) "Board" means the board of accountancy created by RCW  
14 18.04.035.

15 (2) "Certificate holder" means the holder of a certificate as a  
16 certified public accountant who has not become a licensee, has  
17 maintained CPE requirements, and who does not practice public  
18 accounting.

19 (3) "Certified public accountant" or "CPA" means a person holding  
20 a certified public accountant license or certificate.

21 (4) "State" includes the states of the United States, the District  
22 of Columbia, Puerto Rico, Guam, Commonwealth of the Northern Marianas,  
23 and the United States Virgin Islands.

24 (5) "Reports on financial statements" means any reports or opinions  
25 prepared by licensees or persons holding practice privileges under  
26 substantial equivalency, based on services performed in accordance with  
27 generally accepted auditing standards, standards for attestation  
28 engagements, or standards for accounting and review services as to  
29 whether the presentation of information used for guidance in financial  
30 transactions or for accounting for or assessing the status or  
31 performance of commercial and noncommercial enterprises, whether  
32 public, private, or governmental, conforms with generally accepted  
33 accounting principles or (~~either~~) another comprehensive (~~bases~~)  
34 basis of accounting. "Reports on financial statements" does not  
35 include services referenced in RCW 18.04.350(~~(+6)~~) (10) provided by  
36 persons not holding a license under this chapter.

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

12           (7) "Firm" means a sole proprietorship, a corporation, or a  
13 partnership. "Firm" also means a limited liability company formed  
14 under chapter 25.15 RCW.

15           (8) "CPE" means continuing professional education.

16           (9) "Certificate" means a certificate as a certified public  
17 accountant issued prior to July 1, 2001, as authorized under the  
18 provisions of this chapter.

19           (10) "Licensee" means the holder of a license to practice public  
20 accountancy issued under this chapter.

21           (11) "License" means a license to practice public accountancy  
22 issued to an individual under this chapter, or a license issued to a  
23 firm under this chapter.

24           (12) "Manager" means a manager of a limited liability company  
25 licensed as a firm under this chapter.

26           (13) "NASBA" means the national association of state boards of  
27 accountancy.

28           (14) "Quality assurance review" means a process established by and  
29 conducted at the direction of the board of study, appraisal, or review  
30 of one or more aspects of the attest or compilation work of a licensee  
31 or licensed firm in the practice of public accountancy, by a person or  
32 persons who hold licenses and who are not affiliated with the person or  
33 firm being reviewed.

34           (15) "Peer review" means a study, appraisal, or review of one or  
35 more aspects of the attest or compilation work of a licensee or  
36 licensed firm in the practice of public accountancy, by a person or  
37 persons who hold licenses and who are not affiliated with the person or  
38 firm being reviewed, including a peer review, or any internal review or

1 inspection intended to comply with quality control policies and  
2 procedures, but not including the "quality assurance review" under  
3 subsection (14) of this section.

4 (16) "Review committee" means any person carrying out,  
5 administering or overseeing a peer review authorized by the reviewee.

6 (17) "Rule" means any rule adopted by the board under authority of  
7 this chapter.

8 (18) "Holding out" means any representation to the public by the  
9 use of restricted titles as set forth in RCW 18.04.345 by a person or  
10 firm that the person or firm holds a license under this chapter and  
11 that the person or firm offers to perform any professional services to  
12 the public as a licensee. "Holding out" shall not affect or limit a  
13 person or firm not required to hold a license under this chapter from  
14 engaging in practices identified in RCW 18.04.350.

15 (19) "Natural person" or "individual" means a living, human being.

16 (20) "Inactive" means the certificate is in an inactive status  
17 because a person who held a valid certificate before July 1, 2001, has  
18 not met the current requirements of licensure and has been granted  
19 inactive certificate holder status through an approval process  
20 established by the board.

21 (21) "Attest" means providing the following financial statement  
22 services:

23 (a) Any audit or other engagement to be performed in accordance  
24 with the statements on auditing standards;

25 (b) Any review of a financial statement to be provided in  
26 accordance with the statements on standards for accounting and review  
27 services;

28 (c) Any examination of prospective financial information to be  
29 performed in accordance with the statements on standards for  
30 attestation engagements; and

31 (d) Any engagement to be performed in accordance with the public  
32 company accounting oversight board auditing standards.

33 (22) "Compilation" means providing a service to be performed in  
34 accordance with statements on standards for accounting and review  
35 services that is presenting in the form of financial statements,  
36 information that is the representation of management (owners) without  
37 undertaking to express any assurance on the statements.

1       (23) "Home office" is the location specified by the client as the  
2 address to which a service is directed.

3       (24) "Person" means any individual, nongovernmental organization,  
4 or business entity regardless of legal form, including a sole  
5 proprietorship, firm, partnership, corporation, limited liability  
6 company, association, or not-for-profit organization, and including the  
7 sole proprietor, partners, members, and, as applied to corporations,  
8 the officers.

9       (25) "Principal place of business" means the office location  
10 designated by the licensee for purposes of substantial equivalency and  
11 reciprocity.

12       (26) "Sole proprietorship" means a legal form of organization owned  
13 by one person meeting the requirements of RCW 18.04.195.

14       **Sec. 3.** RCW 18.04.195 and 2003 c 290 s 1 are each amended to read  
15 as follows:

16       (1) The board shall grant or renew licenses to practice as a CPA  
17 firm to applicants that demonstrate their qualifications therefore in  
18 accordance with this section.

19       (a) The following must hold a license issued under this section:

20       (i) Any firm with an office in this state performing attest  
21 services as defined in RCW 18.04.025(21) or compilations as defined in  
22 RCW 18.04.025(22);

23       (ii) Any firm with an office in this state that uses the title  
24 "CPA" or "CPA firm"; or

25       (iii) Any firm that does not have an office in this state but  
26 performs attest services described in RCW 18.04.025(21) (a), (c), or  
27 (d) for a client having its home office in this state.

28       (b) A firm that is not subject to the requirements of subsection  
29 (1)(a)(iii) of this section may perform other professional services  
30 while using the title "CPA" or "CPA firm" in this state without a  
31 permit issued under this section only if:

32       (i) The firm performs such services through an individual with  
33 practice privileges under RCW 18.04.350(2);

34       (ii) The firm can lawfully do so in the state where said  
35 individuals with practice privileges have their principal place of  
36 business; and

1 (iii) A firm performing services described in RCW 18.04.025 (21)(b)  
2 and (22) meets the board's quality assurance program requirements  
3 authorized by RCW 18.04.055(9) and the rules implementing that section.

4 (2) A sole proprietorship (~~engaged in business in this state and~~  
5 ~~offering to issue or issuing reports on financial statements or using~~  
6 ~~the title CPA or certified public accountant~~) required to obtain a  
7 license under subsection (1) of this section shall license, as a firm,  
8 every three years with the board.

9 (a) The sole proprietor shall hold and renew a license to practice  
10 under RCW 18.04.105 and 18.04.215, or, in the case of a sole  
11 proprietorship that must obtain a license pursuant to subsection  
12 (1)(a)(iii) of this section, be a licensee of another state who meets  
13 the requirements in RCW 18.04.350(2);

14 (b) Each resident (~~person~~) individual in charge of an office  
15 located in this state shall hold and renew a license to practice under  
16 RCW 18.04.105 and 18.04.215; and

17 (c) The licensed firm must meet competency requirements established  
18 by rule by the board.

19 ~~((2))~~ (3) A partnership (~~engaged in business in this state and~~  
20 ~~offering to issue or issuing reports on financial statements or using~~  
21 ~~the title CPA or certified public accountant~~) required to obtain a  
22 license under subsection (1) of this section shall license as a firm  
23 every three years with the board, and shall meet the following  
24 requirements:

25 (a) At least one general partner of the partnership shall hold and  
26 renew a license to practice under RCW 18.04.105 and 18.04.215, or, in  
27 the case of a partnership that must obtain a license pursuant to  
28 subsection (1)(a)(iii) of this section, be a licensee of another state  
29 who meets the requirements in RCW 18.04.350(2);

30 (b) Each resident (~~person~~) individual in charge of an office in  
31 this state shall hold and renew a license to practice under RCW  
32 18.04.105 and 18.04.215;

33 (c) At least a simple majority of the ownership of the licensed  
34 firm in terms of financial interests and voting rights of all partners  
35 or owners shall be held by (~~natural~~) persons who are licensees or  
36 holders of a valid license issued under this chapter or by another  
37 state (~~that entitles the holder to practice public accounting in this~~  
38 ~~state~~). The principal partner of the partnership and any partner

1 having authority over issuing reports on financial statements shall  
2 hold a license under this chapter or issued by another state (~~that~~  
3 ~~entitles the holder to practice public accounting in this state~~); and

4 (d) The licensed firm must meet competency requirements established  
5 by rule by the board.

6 (~~(3)~~) (4) A corporation (~~engaged in business in this state and~~  
7 ~~offering to issue or issuing reports on financial statements or using~~  
8 ~~the title CPA or certified public accountant~~) required to obtain a  
9 license under subsection (1) of this section shall license as a firm  
10 every three years with the board and shall meet the following  
11 requirements:

12 (a) At least a simple majority of the ownership of the licensed  
13 firm in terms of financial interests and voting rights of all  
14 shareholders or owners shall be held by (~~natural~~) persons who are  
15 licensees or holders of a valid license issued under this chapter or by  
16 another state (~~that entitles the holder to practice public accounting~~  
17 ~~in this state~~) and is principally employed by the corporation or  
18 actively engaged in its business. The principal officer of the  
19 corporation and any officer or director having authority over issuing  
20 reports on financial statements shall hold a license under this chapter  
21 or issued by another state (~~that entitles the holder to practice~~  
22 ~~public accounting in this state~~);

23 (b) At least one shareholder of the corporation shall hold a  
24 license under RCW 18.04.105 and 18.04.215, or, in the case of a  
25 corporation that must obtain a license pursuant to subsection  
26 (1)(a)(iii) of this section, be a licensee of another state who meets  
27 the requirements in RCW 18.04.350(2);

28 (c) Each resident (~~person~~) individual in charge of an office  
29 located in this state shall hold and renew a license under RCW  
30 18.04.105 and 18.04.215;

31 (d) A written agreement shall bind the corporation or its  
32 shareholders to purchase any shares offered for sale by, or not under  
33 the ownership or effective control of, a qualified shareholder, and  
34 bind any holder not a qualified shareholder to sell the shares to the  
35 corporation or its qualified shareholders. The agreement shall be  
36 noted on each certificate of corporate stock. The corporation may  
37 purchase any amount of its stock for this purpose, notwithstanding any  
38 impairment of capital, as long as one share remains outstanding;

1 (e) The corporation shall comply with any other rules pertaining to  
2 corporations practicing public accounting in this state as the board  
3 may prescribe; and

4 (f) The licensed firm must meet competency requirements established  
5 by rule by the board.

6 ~~((+4))~~ (5) A limited liability company ~~((engaged in business in  
7 this state and offering to issue or issuing reports on financial  
8 statements or using the title CPA or certified public accountant))  
9 required to obtain a license under subsection (1) of this section shall  
10 license as a firm every three years with the board, and shall meet the  
11 following requirements:~~

12 (a) At least one member of the limited liability company shall hold  
13 a license under RCW 18.04.105 and 18.04.215, or, in the case of a  
14 limited liability company that must obtain a license pursuant to  
15 subsection (1)(a)(iii) of this section, be a licensee of another state  
16 who meets the requirements in RCW 18.04.350(2);

17 (b) Each resident manager or member in charge of an office located  
18 in this state shall hold and renew a license under RCW 18.04.105 and  
19 18.04.215;

20 (c) At least a simple majority of the ownership of the licensed  
21 firm in terms of financial interests and voting rights of all owners  
22 shall be held by ~~((natural))~~ persons who are licensees or holders of a  
23 valid license issued under this chapter or by another state ~~((that~~  
24 ~~entitles the holder to practice public accounting in this state))~~. The  
25 principal member or manager of the limited liability company and any  
26 member having authority over issuing reports on financial statements  
27 shall hold a license under this chapter or issued by another state  
28 ~~((that entitles the holder to practice public accounting in this~~  
29 ~~state))~~; and

30 (d) The licensed firm must meet competency requirements established  
31 by rule by the board.

32 ~~((+5))~~ (6) Application for a license as a firm with an office in  
33 this state shall be made upon the affidavit of the proprietor or  
34 ~~((person))~~ individual designated as managing partner, member, or  
35 shareholder for Washington. This ~~((person))~~ individual shall hold a  
36 license under RCW 18.04.215.

37 (7) In the case of a firm licensed in another state and required to  
38 obtain a license under subsection (1)(a)(iii) of this section, the



1 application for the firm license shall be made upon the affidavit of an  
2 individual who qualifies for practice privileges in this state under  
3 RCW 18.04.350(2) who has been authorized by the applicant firm to make  
4 the application. The board shall determine in each case whether the  
5 applicant is eligible for a license. (~~A partnership, corporation, or~~  
6 ~~limited liability company which is licensed to practice under RCW~~  
7 ~~18.04.215 may use the designation "certified public accountants" or~~  
8 ~~"CPAs" in connection with its partnership, limited liability company,~~  
9 ~~or corporate name.))~~

10 (8) The board shall be given notification within ninety days after  
11 the admission or withdrawal of a partner, shareholder, or member  
12 engaged in this state in the practice of public accounting from any  
13 partnership, corporation, or limited liability company so licensed.

14 (~~(6)~~) (9) Licensed firms (~~which~~) that fall out of compliance  
15 with the provisions of this section due to changes in firm ownership  
16 (~~or personnel~~), after receiving or renewing a license, shall notify  
17 the board in writing within ninety days of its falling out of  
18 compliance and propose a time period in which they will come back into  
19 compliance. The board may grant a reasonable period of time for a firm  
20 to be in compliance with the provisions of this section. Failure to  
21 bring the firm into compliance within a reasonable period of time, as  
22 determined by the board, may result in suspension, revocation, or  
23 imposition of conditions on the firm's license.

24 (~~(7)~~) (10) Fees for the license as a firm and for notification of  
25 the board of the admission or withdrawal of a partner, shareholder, or  
26 member shall be determined by the board. Fees shall be paid by the  
27 firm at the time the license application form or notice of admission or  
28 withdrawal of a partner, shareholder, or member is filed with the  
29 board.

30 (~~(8)~~) (11) Nonlicensee owners of licensed firms are:

31 (a) Required to fully comply with the provisions of this chapter  
32 and board rules;

33 (b) Required to be (~~a natural person~~) an individual;

34 (c) Required to be an active individual participant in the licensed  
35 firm or affiliated entities as these terms are defined by board rule;  
36 and

37 (d) Subject to discipline by the board for violation of this  
38 chapter.

1 ((+9)) (12) Resident nonlicensee owners of licensed firms are  
2 required to meet:

3 (a) The ethics examination, registration, and fee requirements as  
4 established by the board rules; and

5 (b) The ethics CPE requirements established by the board rules.

6 ((+10)) (13)(a) Licensed firms must notify the board within thirty  
7 days after:

8 (i) Sanction, suspension, revocation, or modification of their  
9 professional license or practice rights by the securities exchange  
10 commission, internal revenue service, or another state board of  
11 accountancy;

12 (ii) Sanction or order against the licensee or nonlicensee firm  
13 owner by any federal or other state agency related to the licensee's  
14 practice of public accounting or violation of ethical or technical  
15 standards established by board rule; or

16 (iii) The licensed firm is notified that it has been charged with  
17 a violation of law that could result in the suspension or revocation of  
18 the firm's license by a federal or other state agency, as identified by  
19 board rule, related to the firm's professional license, practice  
20 rights, or violation of ethical or technical standards established by  
21 board rule.

22 (b) The board must adopt rules to implement this subsection and may  
23 also adopt rules specifying requirements for licensees to report to the  
24 board sanctions or orders relating to the licensee's practice of public  
25 accounting or violation of ethical or technical standards entered  
26 against the licensee by a nongovernmental professionally related  
27 standard-setting entity.

28 **Sec. 4.** RCW 18.04.205 and 2001 c 294 s 12 are each amended to read  
29 as follows:

30 (1) Each office established or maintained in this state for the  
31 purpose of offering to issue or issuing attest or compilation reports  
32 (~~(on financial statements)~~) in this state or that uses the title  
33 "certified public accountant" or "CPA," shall register with the board  
34 under this chapter every three years.

35 (2) Each office established or maintained in this state shall be  
36 under the direct supervision of a resident licensee holding a license  
37 under RCW 18.04.105 and 18.04.215.

1 (3) The board shall by rule prescribe the procedure to be followed  
2 to register and maintain offices established in this state for the  
3 purpose of offering to issue or issuing attest or compilation reports  
4 (~~on financial statements~~) or that use the title "certified public  
5 accountant" or "CPA."

6 (4) Fees for the registration of offices shall be determined by the  
7 board. Fees shall be paid by the applicant at the time the  
8 registration form is filed with the board.

9 **Sec. 5.** RCW 18.04.345 and 2001 c 294 s 17 are each amended to read  
10 as follows:

11 (1) No (~~person~~) individual may assume or use the designation  
12 "certified public accountant-inactive" or "CPA-inactive" or any other  
13 title, designation, words, letters, abbreviation, sign, card, or device  
14 tending to indicate that the (~~person~~) individual is a certified  
15 public accountant-inactive or CPA-inactive unless the (~~person~~)  
16 individual holds a certificate. (~~Persons~~) Individuals holding only  
17 a certificate may not practice public accounting.

18 (2) No (~~person~~) individual may hold himself or herself out to the  
19 public or assume or use the designation "certified public accountant"  
20 or "CPA" or any other title, designation, words, letters, abbreviation,  
21 sign, card, or device tending to indicate that the (~~person~~)  
22 individual is a certified public accountant or CPA unless the  
23 (~~person~~) individual qualifies for the privileges authorized by RCW  
24 18.04.350(2) or holds a license under RCW 18.04.105 and 18.04.215.

25 (3) No firm (~~may hold itself out to the public as offering to~~  
26 ~~issue or issuing reports on financial statements,~~) with an office in  
27 this state may practice public accounting in this state or assume or  
28 use the designation "certified public accountant" or "CPA" or any other  
29 title, designation, words, letters, abbreviation, sign, card, or device  
30 tending to indicate that the firm is composed of certified public  
31 accountants or CPAs, unless the firm is licensed under RCW 18.04.195  
32 and all offices of the firm in this state are maintained and registered  
33 under RCW 18.04.205.

34 (4) No firm may perform the services defined in RCW 18.04.025(21)  
35 (a), (c), or (d) for a client with its home office in this state unless  
36 the firm is licensed under RCW 18.04.195, renews the firm license as

1 required under RCW 18.04.215, and all offices of the firm in this state  
2 are maintained and registered under RCW 18.04.205.

3 (5) No ((~~person~~)) individual, partnership, limited liability  
4 company, or corporation offering public accounting services to the  
5 public may hold himself, herself, or itself out to the public, or  
6 assume or use along, or in connection with his, hers, or its name, or  
7 any other name the title or designation "certified accountant,"  
8 "chartered accountant," "licensed accountant," "licensed public  
9 accountant," "public accountant," or any other title or designation  
10 likely to be confused with "certified public accountant" or any of the  
11 abbreviations "CA," "LA," "LPA," or "PA," or similar abbreviations  
12 likely to be confused with "CPA."

13 ((~~5~~)) (6) No licensed firm may operate under an alias, a firm  
14 name, title, or "DBA" that differs from the firm name that is  
15 registered with the board.

16 ((~~6~~)) (7) No ((~~person~~)) individual with an office in this state  
17 may sign, affix, or associate his or her name or any trade or assumed  
18 name used by the ((~~person~~)) individual in his or her business to any  
19 report ((~~designated as an "audit," "review," or "compilation,"~~))  
20 prescribed by professional standards unless the ((~~person~~)) individual  
21 holds a license to practice under RCW 18.04.105 and 18.04.215 ((~~and~~)),  
22 a firm holds a license under RCW 18.04.195, and all of the ((~~person's~~))  
23 individual's offices in this state are ((~~licensed~~)) registered under  
24 RCW 18.04.205.

25 ((~~7~~)) (8) No ((~~person~~)) individual licensed in another state may  
26 sign, affix, or associate a firm name to any report ((~~designated as an~~  
27 ~~"audit," "review," or "compilation," unless the firm~~)) prescribed by  
28 professional standards, or associate a firm name in conjunction with  
29 the restricted title, unless the individual:

30 (a) Qualifies for the practice privileges authorized by RCW  
31 18.04.350(2); or

32 (b) Is licensed under RCW ((~~18.04.195~~)) 18.04.105 and 18.04.215,  
33 and all of ((~~its~~)) the individual's offices in this state are  
34 maintained and registered under RCW 18.04.205.

35 ((~~8~~)) (9) No ((~~person~~)) individual, partnership, limited  
36 liability company, or corporation not holding a license to practice  
37 under RCW 18.04.105 and 18.04.215, or firm not licensed under RCW  
38 18.04.195 or firm not registering all of the firm's offices in this

1 state under RCW 18.04.205, or not qualified for the practice privileges  
2 authorized by RCW 18.04.350(2), may hold himself, herself, or itself  
3 out to the public as an "auditor" with or without any other description  
4 or designation by use of such word on any sign, card, letterhead, or in  
5 any advertisement or directory.

6 (10) For purposes of this section, because individuals practicing  
7 using practice privileges under RCW 18.04.350(2) are deemed  
8 substantially equivalent to licensees under RCW 18.04.105 and  
9 18.04.215, every word, term, or reference that includes the latter  
10 shall be deemed to include the former, provided the conditions of such  
11 practice privilege, as set forth in RCW 18.04.350 (4) and (5) are  
12 maintained.

13 (11) Notwithstanding anything to the contrary in this section, it  
14 is not a violation of this section for a firm that does not hold a  
15 valid license under RCW 18.04.195 and that does not have an office in  
16 this state to provide its professional services in this state so long  
17 as it complies with the requirements of RCW 18.04.195(1)(b).

18 **Sec. 6.** RCW 18.04.350 and 2001 c 294 s 18 are each amended to read  
19 as follows:

20 (1) Nothing in this chapter prohibits any (~~person~~) individual not  
21 holding a license and not qualified for the practice privileges  
22 authorized by subsection (2) of this section from serving as an  
23 employee of a firm licensed under RCW 18.04.195 and 18.04.215.  
24 However, the employee or assistant shall not issue any (~~accounting~~)  
25 compilation, review, audit, or examination report on financial  
26 (~~statement~~) or other information over his or her name.

27 (2)(~~a~~) An individual( ~~who has a valid certificate or license as a~~  
28 ~~certified public accountant from another state, and (i) whose state of~~  
29 ~~licensure has education, examination, and experience requirements that~~  
30 ~~are deemed by the board to be substantially equivalent to this state's~~  
31 ~~requirements or (ii) who, as an individual, has education, examination,~~  
32 ~~and experience that are deemed by the board to be~~) shall be presumed  
33 to have qualifications substantially equivalent to this state's  
34 requirements and shall have all the privileges of (~~license holders~~)  
35 licensees of this state without the need to obtain a license under RCW  
36 18.04.105 (~~or 18.04.195. However, such individuals shall notify the~~

1 ~~board, under such circumstances and in such manner as the board~~  
2 ~~determines by rule, of their intent to enter the state under this~~  
3 ~~section. The board shall have the authority to establish a fee for the~~  
4 ~~practice privilege granted under this section by rule.)~~ if the  
5 individual:

6 (a) Holds a valid license as a certified public accountant from any  
7 state that requires, as a condition of licensure, that an individual:

8 (i) Have at least one hundred fifty semester hours of college  
9 education including a baccalaureate or higher degree conferred by a  
10 college or university;

11 (ii) Achieve a passing grade on the uniform certified public  
12 accountant examination; and

13 (iii) Possess at least one year of experience including service or  
14 advice involving the use of accounting, attest, compilation, management  
15 advisory, financial advisory, tax, or consulting skills, all of which  
16 was verified by a licensee; or

17 ~~(b) ((An individual that enters the state under this section and is~~  
18 ~~granted this practice privilege shall abide by this chapter and the~~  
19 ~~rules adopted under this chapter and shall be subject to discipline for~~  
20 ~~violation of this chapter. However, such individual is exempt from the~~  
21 ~~continuing education requirements of this chapter provided the~~  
22 ~~individual has met the continuing education requirements of the state~~  
23 ~~in which the individual holds a valid certificate or license. The~~  
24 ~~board may accept NASBA's designation of the individual's state as~~  
25 ~~substantially equivalent to national standards, or NASBA's designation~~  
26 ~~of the applicant as substantially equivalent to national standards, as~~  
27 ~~meeting the requirement for a certified public accountant to be~~  
28 ~~substantially equivalent to this state's requirements))~~ Holds a valid  
29 license as a certified public accountant from any state that does not  
30 meet the requirements of (a) of this subsection, but such individual's  
31 CPA qualifications are substantially equivalent to those requirements.  
32 Any individual who passed the uniform CPA examination and holds a valid  
33 license issued by any other state prior to January 1, 2012, may be  
34 exempt from the education requirements in (a)(i) of this subsection for  
35 purposes of this section.

36 (3) Notwithstanding any other provision of law, an individual who  
37 qualifies for the practice privilege under subsection (2) of this  
38 section may offer or render professional services, whether in person or

1 by mail, telephone, or electronic means, and no notice, fee, or other  
2 submission shall be provided by any such individual. Such an  
3 individual shall be subject to the requirements of subsection (4) of  
4 this section.

5 ~~((c))~~ (4) Any ~~((certificate or license holder))~~ individual  
6 licensee of another state exercising the privilege afforded under  
7 subsection (2) of this section and the firm that employs that licensee  
8 simultaneously consent~~((s))~~, as a condition of ~~((the grant of))~~  
9 exercising this privilege:

10 ~~((i))~~ (a) To the personal and subject matter jurisdiction and  
11 disciplinary authority of the board;

12 ~~((ii))~~ (b) To comply with this chapter and the board's rules;

13 (c) That in the event the license from the state of the  
14 individual's principal place of business is no longer valid, the  
15 individual will cease offering or rendering professional services in  
16 this state individually and on behalf of a firm; and

17 (d) To the appointment of the state board which issued the  
18 certificate or license as their agent upon whom process may be served  
19 in any action or proceeding by this state's board against the  
20 certificate holder or licensee.

21 ~~((d))~~ (5) An individual who qualifies for practice privileges  
22 under subsection (2) of this section may, for any entity with its home  
23 office in this state, only perform the following services through a  
24 firm that has obtained a license under RCW 18.04.195 and 18.04.215:

25 (a) Any financial statement audit or other engagement to be  
26 performed in accordance with statements on auditing standards;

27 (b) Any examination of prospective financial information to be  
28 performed in accordance with statements on standards for attestation  
29 engagements; or

30 (c) Any engagement to be performed in accordance with public  
31 company accounting oversight board auditing standards.

32 (6) A licensee of this state offering or rendering services or  
33 using their ~~((certified public accountant))~~ CPA title in another state  
34 shall be subject to disciplinary action in this state for an act  
35 committed in another state for which the ~~((certificate or permit~~  
36 holder)) licensee would be subject to discipline for an act committed  
37 in the other state ~~((provided the board receives timely notification of~~

1 ~~the act~~). Notwithstanding RCW 18.04.295 and this section, the board  
2 ((~~may~~)) shall cooperate with and investigate any complaint made by the  
3 board of accountancy of another state or jurisdiction.

4 ((~~3~~)) (7) Nothing in this chapter prohibits a licensee, a  
5 licensed firm, ((~~or~~)) any of their employees, or persons qualifying for  
6 practice privileges by this section from disclosing any data in  
7 confidence to other certified public accountants, quality assurance or  
8 peer review teams, partnerships, limited liability companies, or  
9 corporations of certified public accountants or to the board or any of  
10 its employees engaged in conducting quality assurance or peer reviews,  
11 or any one of their employees in connection with quality or peer  
12 reviews of that accountant's accounting and auditing practice conducted  
13 under the auspices of recognized professional associations.

14 ((~~4~~)) (8) Nothing in this chapter prohibits a licensee, a  
15 licensed firm, ((~~or~~)) any of their employees, or persons qualifying for  
16 practice privileges by this section from disclosing any data in  
17 confidence to any employee, representative, officer, or committee  
18 member of a recognized professional association, or to the board, or  
19 any of its employees or committees in connection with a professional  
20 investigation held under the auspices of recognized professional  
21 associations or the board.

22 ((~~5~~)) (9) Nothing in this chapter prohibits any officer,  
23 employee, partner, or principal of any organization:

24 (a) From affixing his or her signature to any statement or report  
25 in reference to the affairs of the organization with any wording  
26 designating the position, title, or office which he or she holds in the  
27 organization; or

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

30 ((~~6~~)) (10) Nothing in this chapter prohibits any person or firm  
31 composed of persons not holding a license under ((~~RCW 18.04.215~~)) this  
32 chapter from offering or rendering to the public bookkeeping,  
33 accounting, tax services, the devising and installing of financial  
34 information systems, management advisory, or consulting services, the  
35 preparation of tax returns, or the furnishing of advice on tax matters,  
36 the preparation of financial statements, written statements describing  
37 how such financial statements were prepared, or similar services,  
38 provided that persons, partnerships, limited liability companies, or



1 corporations not holding a license (~~(under RCW 18.04.215)~~) who offer or  
2 render these services do not designate any written statement as an  
3 "audit report," "review report," or "compilation report," do not issue  
4 any written statement which purports to express or disclaim an opinion  
5 on financial statements which have been audited, and do not issue any  
6 written statement which expresses assurance on financial statements  
7 which have been reviewed.

8 ((+7)) (11) Nothing in this chapter prohibits any act of or the  
9 use of any words by a public official or a public employee in the  
10 performance of his or her duties.

11 ((+8)) (12) Nothing contained in this chapter prohibits any person  
12 who holds only a valid certificate from assuming or using the  
13 designation "certified public accountant-inactive" or "CPA-inactive" or  
14 any other title, designation, words, letters, sign, card, or device  
15 tending to indicate the person is a certificate holder, provided, that  
16 such person does not perform or offer to perform for the public one or  
17 more kinds of services involving the use of accounting or auditing  
18 skills, including issuance of reports on financial statements or of one  
19 or more kinds of management advisory, financial advisory, consulting  
20 services, the preparation of tax returns, or the furnishing of advice  
21 on tax matters.

22 ((+9)) (13) Nothing in this chapter prohibits the use of the title  
23 "accountant" by any person regardless of whether the person has been  
24 granted a certificate or holds a license under this chapter. Nothing  
25 in this chapter prohibits the use of the title "enrolled agent" or the  
26 designation "EA" by any person regardless of whether the person has  
27 been granted a certificate or holds a license under this chapter if the  
28 person is properly authorized at the time of use to use the title or  
29 designation by the United States department of the treasury. The board  
30 shall by rule allow the use of other titles by any person regardless of  
31 whether the person has been granted a certificate or holds a license  
32 under this chapter if the person using the titles or designations is  
33 authorized at the time of use by a nationally recognized entity  
34 sanctioning the use of board authorized titles.

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