
SENATE BILL 6425

State of Washington

61st Legislature

2010 Regular Session

By Senator Fairley; by request of Governor Gregoire

Read first time 01/14/10. Referred to Committee on Government Operations & Elections.

1 AN ACT Relating to transferring the board of accountancy to the
2 department of licensing; amending RCW 18.04.015, 18.04.025, 18.04.035,
3 18.04.045, 18.04.055, 18.04.065, 18.04.105, 18.04.180, 18.04.183,
4 18.04.185, 18.04.195, 18.04.205, 18.04.215, 18.04.295, 18.04.335,
5 18.04.345, 18.04.350, 18.04.405, 18.04.430, and 43.03.028; reenacting
6 and amending RCW 18.235.020; adding a new section to chapter 18.04 RCW;
7 adding a new section to chapter 18.235 RCW; creating a new section; and
8 providing an effective date.

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

10 **Sec. 1.** RCW 18.04.015 and 2001 c 294 s 1 are each amended to read
11 as follows:

12 (1) It is the policy of this state and the purpose of this chapter:

13 (a) To promote the dependability of information which is used for
14 guidance in financial transactions or for accounting for or assessing
15 the status or performance of commercial and noncommercial enterprises,
16 whether public, private or governmental; and

17 (b) To protect the public interest by requiring that:

18 (i) Persons who hold themselves out as licensees or certificate

1 holders conduct themselves in a competent, ethical, and professional
2 manner;

3 (ii) (~~(A public)~~) An administrative authority be established (~~(that~~
4 ~~is competent)~~) to prescribe and assess the qualifications of certified
5 public accountants, including certificate holders who are not licensed
6 for the practice of public accounting;

7 (iii) Persons other than licensees refrain from using the words
8 "audit," "review," and "compilation" when designating a report
9 customarily prepared by someone knowledgeable in accounting;

10 (iv) (~~(A public)~~) An administrative authority be established to
11 provide for consumer alerts and public protection information to be
12 published regarding persons or firms who violate the provisions of
13 (~~chapter 294, Laws of 2001~~) this chapter or board rule and to provide
14 general consumer protection information to the public; and

15 (v) The use of accounting titles likely to confuse the public be
16 prohibited.

17 (2) The purpose of chapter 294, Laws of 2001 is to make revisions
18 to chapter 234, Laws of 1983 and chapter 103, Laws of 1992 to: Fortify
19 the public protection provisions of chapter 294, Laws of 2001;
20 establish one set of qualifications to be a licensee; revise the
21 regulations of certified public accountants; make revisions in the
22 ownership of certified public accounting firms; assure to the greatest
23 extent possible that certified public accountants from Washington state
24 are substantially equivalent with certified public accountants in other
25 states and can therefore perform the duties of certified public
26 accountants in as many states and countries as possible; assure
27 certified public accountants from other states and countries have met
28 qualifications that are substantially equivalent to the certified
29 public accountant qualifications of this state; and clarify the
30 authority of the board of accountancy with respect to the activities of
31 persons holding licenses and certificates under this chapter. It is
32 not the intent of chapter 294, Laws of 2001 to in any way restrict or
33 limit the activities of persons not holding licenses or certificates
34 under this chapter except as otherwise specifically restricted or
35 limited by chapter 234, Laws of 1983 and chapter 103, Laws of 1992.

36 (3) A purpose of chapter 103, Laws of 1992, revising provisions of
37 chapter 234, Laws of 1983, is to clarify the authority of the board of
38 accountancy with respect to the activities of persons holding

1 certificates under this chapter. Furthermore, it is not the intent of
2 chapter 103, Laws of 1992 to in any way restrict or limit the
3 activities of persons not holding certificates under this chapter
4 except as otherwise specifically restricted or limited by chapter 234,
5 Laws of 1983.

6 **Sec. 2.** RCW 18.04.025 and 2008 c 16 s 2 are each amended to read
7 as follows:

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

10 (1) "Attest" means providing the following financial statement
11 services:

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

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

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

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

22 (2) "Board" means the board of accountancy created by RCW
23 18.04.035.

24 (3) "Certificate" means a certificate as a certified public
25 accountant issued prior to July 1, 2001, as authorized under the
26 provisions of this chapter.

27 (4) "Certificate holder" means the holder of a certificate as a
28 certified public accountant who has not become a licensee, has
29 maintained CPE requirements, and who does not practice public
30 accounting.

31 (5) "Certified public accountant" or "CPA" means a person holding
32 a certified public accountant license or certificate.

33 (6) "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 (7) "CPE" means continuing professional education.
2 (8) "Department" means the department of licensing.
3 (9) "Director" means the director of the department of licensing.
4 (10) "Firm" means a sole proprietorship, a corporation, or a
5 partnership. "Firm" also means a limited liability company formed
6 under chapter 25.15 RCW.
7 ~~((+9))~~ (11) "Holding out" means any representation to the public
8 by the use of restricted titles as set forth in RCW 18.04.345 by a
9 person or firm that the person or firm holds a license under this
10 chapter and that the person or firm offers to perform any professional
11 services to the public as a licensee. "Holding out" shall not affect
12 or limit a person or firm not required to hold a license under this
13 chapter from engaging in practices identified in RCW 18.04.350.
14 ~~((+10))~~ (12) "Home office" is the location specified by the client
15 as the address to which a service is directed.
16 ~~((+11))~~ (13) "Inactive" means the certificate is in an inactive
17 status because a person who held a valid certificate before July 1,
18 2001, has not met the current requirements of licensure and has been
19 granted inactive certificate holder status through an approval process
20 established by the board.
21 ~~((+12))~~ (14) "Individual" means a living, human being.
22 ~~((+13))~~ (15) "License" means a license to practice public
23 accountancy issued to an individual under this chapter, or a license
24 issued to a firm under this chapter.
25 ~~((+14))~~ (16) "Licensee" means the holder of a license to practice
26 public accountancy issued under this chapter.
27 ~~((+15))~~ (17) "Manager" means a manager of a limited liability
28 company licensed as a firm under this chapter.
29 ~~((+16))~~ (18) "NASBA" means the national association of state
30 boards of accountancy.
31 ~~((+17))~~ (19) "Peer review" means a study, appraisal, or review of
32 one or more aspects of the attest or compilation work of a licensee or
33 licensed firm in the practice of public accountancy, by a person or
34 persons who hold licenses and who are not affiliated with the person or
35 firm being reviewed, including a peer review, or any internal review or
36 inspection intended to comply with quality control policies and
37 procedures, but not including the "quality assurance review" under
38 subsection ~~((+21))~~ (23) of this section.

1 ~~((+18+))~~ (20) "Person" means any individual, nongovernmental
2 organization, or business entity regardless of legal form, including a
3 sole proprietorship, firm, partnership, corporation, limited liability
4 company, association, or not-for-profit organization, and including the
5 sole proprietor, partners, members, and, as applied to corporations,
6 the officers.

7 ~~((+19+))~~ (21) "Practice of public accounting" means performing or
8 offering to perform by a person or firm holding itself out to the
9 public as a licensee, for a client or potential client, one or more
10 kinds of services involving the use of accounting or auditing skills,
11 including the issuance of "audit reports," "review reports," or
12 "compilation reports" on financial statements, or one or more kinds of
13 management advisory, or consulting services, or the preparation of tax
14 returns, or the furnishing of advice on tax matters. "Practice of
15 public accounting" shall not include practices that are permitted under
16 the provisions of RCW 18.04.350(10) by persons or firms not required to
17 be licensed under this chapter.

18 ~~((+20+))~~ (22) "Principal place of business" means the office
19 location designated by the licensee for purposes of substantial
20 equivalency and reciprocity.

21 ~~((+21+))~~ (23) "Quality assurance review" means a process
22 established by and conducted at the direction of the board of study,
23 appraisal, or review of one or more aspects of the attest or
24 compilation work of a licensee or licensed firm in the practice of
25 public accountancy, by a person or persons who hold licenses and who
26 are not affiliated with the person or firm being reviewed.

27 ~~((+22+))~~ (24) "Reports on financial statements" means any reports
28 or opinions prepared by licensees or persons holding practice
29 privileges under substantial equivalency, based on services performed
30 in accordance with generally accepted auditing standards, standards for
31 attestation engagements, or standards for accounting and review
32 services as to whether the presentation of information used for
33 guidance in financial transactions or for accounting for or assessing
34 the status or performance of commercial and noncommercial enterprises,
35 whether public, private, or governmental, conforms with generally
36 accepted accounting principles or another comprehensive basis of
37 accounting. "Reports on financial statements" does not include

1 services referenced in RCW 18.04.350(10) provided by persons not
2 holding a license under this chapter.

3 ((+23+)) (25) "Review committee" means any person carrying out,
4 administering or overseeing a peer review authorized by the reviewee.

5 ((+24+)) (26) "Rule" means any rule adopted by the board or the
6 department under authority of this chapter.

7 ((+25+)) (27) "Sole proprietorship" means a legal form of
8 organization owned by one person meeting the requirements of RCW
9 18.04.195.

10 ((+26+)) (28) "State" includes the states of the United States, the
11 District of Columbia, Puerto Rico, Guam, the United States Virgin
12 Islands, and the Commonwealth of the Northern Mariana Islands at such
13 time as the board determines that the Commonwealth of the Northern
14 Mariana Islands is issuing licenses under the substantially equivalent
15 standards in RCW 18.04.350(2)(a).

16 **Sec. 3.** RCW 18.04.035 and 2004 c 159 s 1 are each amended to read
17 as follows:

18 (1) There is created a board of accountancy (~~((for the state of~~
19 ~~Washington to be known as the Washington state board of accountancy.~~
20 ~~Effective June 30, 2001, the board shall consist))~~ consisting of nine
21 members appointed by the governor. Members of the board shall include
22 six persons who have been licensed in this state continuously for the
23 previous ten years. Three members shall be public members qualified to
24 judge whether the qualifications, activities, and professional practice
25 of those regulated under this chapter conform with standards to protect
26 the public interest, including one public member qualified to represent
27 the interests of clients of individuals and firms licensed under this
28 chapter.

29 (2) The members of the board shall be appointed by the governor to
30 a term of three years. Vacancies occurring during a term shall be
31 filled by appointment for the unexpired term. Upon the expiration of
32 a member's term of office, the member shall continue to serve until a
33 successor has been appointed and has assumed office. The governor
34 shall remove from the board any member whose license to practice has
35 been revoked or suspended and may, after hearing, remove any member of
36 the board for neglect of duty or other just cause. No person who has
37 served three successive complete terms is eligible for reappointment.

1 Appointment to fill an unexpired term is not considered a complete
2 term. (~~In order to stagger their terms, of the two new appointments~~
3 ~~made to the board upon June 11, 1992, the first appointed member shall~~
4 ~~serve a term of two years initially.~~)

5 **Sec. 4.** RCW 18.04.045 and 2001 c 294 s 4 are each amended to read
6 as follows:

7 (1) The board shall annually elect a chair, a vice-chair, and a
8 secretary from its members.

9 (2) A majority of the board constitutes a quorum for the
10 transaction of business.

11 (3) The board shall have a seal which shall be judicially noticed.

12 (4) The board shall keep records of its proceedings, and of any
13 proceeding in court arising from or founded upon this chapter. Copies
14 of these records certified as correct under the seal of the board are
15 admissible in evidence as tending to prove the content of the records.

16 (5) The (~~governor~~) director shall (~~appoint~~) employ an executive
17 (~~director of the board, who shall serve at the pleasure of the~~
18 ~~governor~~) secretary. The (~~executive~~) director may employ such
19 personnel as is appropriate for carrying out the purposes of this
20 chapter. The executive (~~director~~) secretary shall hold a valid
21 Washington license. (~~The board may arrange for such volunteer~~
22 ~~assistance as it requires to perform its duties. Individuals or~~
23 ~~committees assisting the board constitute volunteers for purposes of~~
24 ~~chapter 4.92 RCW.~~)

25 (6) The board shall (~~file~~) prepare an annual report of its
26 activities (~~with the governor~~). The report shall include, but not be
27 limited to, a statement of all receipts and disbursements. (~~Upon~~
28 ~~request, the board shall mail a copy of each annual report to any~~
29 ~~member of the public.~~) The report shall be posted on the department's
30 web site.

31 (7) In making investigations concerning alleged violations of the
32 provisions of this chapter and in all proceedings under RCW 18.04.295
33 or chapter 34.05 RCW, the board chair, or a member of the board, or a
34 board designee acting in the chair's place, may administer oaths or
35 affirmations to witnesses appearing before the board, subpoena
36 witnesses and compel their attendance, take testimony, and require that
37 documentary evidence be submitted.

1 (8) The board may review the publicly available professional work
2 of licensees on a general and random basis, without any requirement of
3 a formal complaint or suspicion of impropriety on the part of any
4 particular licensee. If as a result of such review the board discovers
5 reasonable grounds for a more specific investigation, the board may
6 proceed under its investigative and disciplinary rules.

7 (9) The board may provide for consumer alerts and public protection
8 information to be published regarding persons or firms who violate the
9 provisions of this chapter or board rule and may provide general
10 consumer protection information to the public.

11 (10) As provided in RCW 18.04.370, the board may enter into
12 stipulated agreements and orders of assurance with persons who have
13 violated the provisions of RCW 18.04.345 or certify the facts to the
14 prosecuting attorney of the county in which such person resides for
15 criminal prosecution.

16 **Sec. 5.** RCW 18.04.055 and 2001 c 294 s 5 are each amended to read
17 as follows:

18 The board may adopt and amend rules under chapter 34.05 RCW for the
19 orderly conduct of its affairs. The board shall prescribe rules
20 consistent with this chapter as necessary to implement this chapter.
21 Included may be:

22 (1) Rules of procedure to govern the conduct of matters before the
23 board;

24 (2) Rules of professional conduct for all licensees, certificate
25 holders, and nonlicensee owners of licensed firms, in order to
26 establish and maintain high standards of competence and ethics
27 including rules dealing with independence, integrity, objectivity, and
28 freedom from conflicts of interest;

29 (3) Rules specifying actions and circumstances deemed to constitute
30 holding oneself out as a licensee in connection with the practice of
31 public accountancy;

32 (4) Rules specifying the manner and circumstances of the use of the
33 titles "certified public accountant" and "CPA," by holders of
34 certificates who do not also hold licenses under this chapter;

35 (5) Rules specifying the educational requirements to take the
36 certified public accountant examination;

1 (6) Rules designed to ensure that licensees' "reports on financial
2 statements" meet the definitional requirements for that term as
3 specified in RCW 18.04.025;

4 (7) Requirements for CPE to maintain or improve the professional
5 competence of licensees as a condition to maintaining their license and
6 certificate holders as a condition to maintaining their certificate
7 under RCW 18.04.215;

8 (8) Rules governing firms issuing or offering to issue reports on
9 financial statements or using the title "certified public accountant"
10 or "CPA" including, but not limited to, rules concerning their style,
11 name, title, and affiliation with any other organization, and
12 establishing reasonable practice and ethical standards to protect the
13 public interest;

14 (9) The board may by rule implement a quality assurance review
15 program as a means to monitor licensees' quality of practice and
16 compliance with professional standards. The board may exempt from such
17 program, licensees who undergo periodic peer reviews in programs of the
18 American Institute of Certified Public Accountants, NASBA, or other
19 programs recognized and approved by the board;

20 (10) The board may by rule require licensed firms to obtain
21 professional liability insurance if in the board's discretion such
22 insurance provides additional and necessary protection for the public;

23 (11) Rules specifying the experience requirements in order to
24 qualify for a license;

25 (12) Rules specifying the requirements for certificate holders to
26 qualify for a license under this chapter which must include provisions
27 for meeting CPE and experience requirements prior to application for
28 licensure;

29 (13) Rules specifying the registration requirements, including
30 ethics examination (~~(and fee requirements)~~), for resident nonlicensee
31 partners, shareholders, and managers of licensed firms;

32 (14) Rules specifying the ethics CPE requirements for certificate
33 holders and owners of licensed firms, including the process for
34 reporting compliance with those requirements;

35 (15) Rules specifying the experience and CPE requirements for
36 licensees offering or issuing reports on financial statements; and

37 (16) Any other rule which the board finds necessary or appropriate
38 to implement this chapter.

1 **Sec. 6.** RCW 18.04.065 and 2001 c 294 s 6 are each amended to read
2 as follows:

3 The (~~board~~) department shall set (~~its~~) fees required under this
4 chapter at a level adequate to pay the costs of administering this
5 chapter. All fees for licenses, registrations of nonlicensee partners,
6 shareholders, and managers of licensed firms, renewals of licenses,
7 renewals of registrations of nonlicensee partners, shareholders, and
8 managers of licensed firms, renewals of certificates, reinstatements of
9 lapsed licenses, reinstatements of lapsed certificates, reinstatements
10 of lapsed registrations of nonlicensee partners, shareholders, and
11 managers of licensed firms, practice privileges under RCW 18.04.350,
12 and delinquent filings received under the authority of this chapter
13 shall be deposited in the certified public accountants' account created
14 by RCW 18.04.105. Appropriation from such account shall be made only
15 for the cost of administering the provisions of this chapter.

16 **Sec. 7.** RCW 18.04.105 and 2004 c 159 s 2 are each amended to read
17 as follows:

18 (1) A license to practice public accounting shall be (~~granted~~)
19 issued by the department to any person certified by the board (~~to any~~
20 ~~person~~):

21 (a) Who is of good character. Good character, for purposes of this
22 section, means lack of a history of dishonest or felonious acts. The
23 board may refuse to (~~grant~~) authorize the department to issue a
24 license on the ground of failure to satisfy this requirement only if
25 there is a substantial connection between the lack of good character of
26 the applicant and the professional and ethical responsibilities of a
27 licensee and if the finding by the board of lack of good character is
28 supported by (~~a preponderance of~~) clear and convincing evidence.
29 When an applicant is found to be unqualified for a license because of
30 a lack of good character, the board shall furnish the applicant a
31 statement containing the findings of the board and a notice of the
32 applicant's right of appeal;

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

35 (c) Who has passed an examination;

36 (d) Who has had one year of experience which is gained:

1 (i) Through the use of accounting, issuing reports on financial
2 statements, management advisory, financial advisory, tax, tax advisory,
3 or consulting skills;

4 (ii) While employed in government, industry, academia, or public
5 practice; and

6 (iii) Meeting the competency requirements in a manner as determined
7 by the board to be appropriate and established by board rule; and

8 (e) Who has paid appropriate fees as established by rule by the
9 (~~board~~) department.

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

28 (3) The board shall charge each applicant an examination fee for
29 the initial examination or for reexamination. The applicable fee shall
30 be paid by the person at the time he or she applies for examination,
31 reexamination, or evaluation of educational qualifications. Fees for
32 examination, reexamination, or evaluation of educational qualifications
33 shall be determined by (~~the board under chapter 18.04 RCW~~) rule of
34 the department. There is established in the state treasury an account
35 to be known as the certified public accountants' account. All fees
36 received from candidates to take any or all sections of the certified
37 public accountant examination shall be used only for costs related to
38 the examination.

1 (4) Persons who on June 30, 2001, held valid certificates
2 previously issued under this chapter shall be deemed to be certificate
3 holders, subject to the following:

4 ~~((Certificate holders may, prior to June 30, 2006, petition the
5 board to become licensees by documenting to the board that they have
6 gained one year of experience through the use of accounting, issuing
7 reports on financial statements, management advisory, financial
8 advisory, tax, tax advisory, or consulting skills, without regard to
9 the eight year limitation set forth in (b) of this subsection, while
10 employed in government, industry, academia, or public practice.~~

11 ~~(b))~~ Certificate holders who ~~((do))~~ did not petition to become
12 licensees prior to June 30, 2006, may after that date petition the
13 board to become licensees by documenting to the board that they have
14 one year of experience acquired within eight years prior to applying
15 for a license through the use of accounting, issuing reports on
16 financial statements, management advisory, financial advisory, tax, tax
17 advisory, or consulting skills in government, industry, academia, or
18 public practice.

19 ~~((e))~~ (b) Certificate holders who petition the board pursuant to
20 ~~((or (b)))~~ of this subsection must also meet competency
21 requirements in a manner as determined by the board to be appropriate
22 and established by board rule.

23 ~~((d))~~ (c) Any certificate holder petitioning the board pursuant
24 to ~~((or (b)))~~ of this subsection to become a licensee must submit
25 to the board satisfactory proof of having completed an accumulation of
26 one hundred twenty hours of CPE during the thirty-six months preceding
27 the date of filing the petition.

28 ~~((e))~~ (d) Any certificate holder petitioning the board pursuant
29 to ~~((or (b)))~~ of this subsection to become a licensee must pay the
30 appropriate fees established by rule by the ~~((board))~~ department.

31 (5) Certificate holders shall comply with the prohibition against
32 the practice of public accounting in RCW 18.04.345.

33 (6) Persons who on June 30, 2001, held valid certificates
34 previously issued under this chapter are deemed to hold inactive
35 certificates, subject to renewal as inactive certificates, until they
36 have petitioned the board to become licensees and have met the
37 requirements of subsection (4) of this section. No individual who did

1 not hold a valid certificate before July 1, 2001, is eligible to obtain
2 an inactive certificate.

3 (7) Persons deemed to hold inactive certificates under subsection
4 (6) of this section shall comply with the prohibition against the
5 practice of public accounting in subsection (8)(b) of this section and
6 RCW 18.04.345, but are not required to display the term inactive as
7 part of their title, as required by subsection (8)(a) of this section
8 until renewal. Certificates renewed to any persons after June 30,
9 2001, are inactive certificates and the inactive certificate holders
10 are subject to the requirements of subsection (8) of this section.

11 (8) Persons holding an inactive certificate:

12 (a) Must use or attach the term "inactive" whenever using the title
13 CPA or certified public accountant or referring to the certificate, and
14 print the word "inactive" immediately following the title, whenever the
15 title is printed on a business card, letterhead, or any other document,
16 including documents published or transmitted through electronic media,
17 in the same font and font size as the title; and

18 (b) Are prohibited from practicing public accounting.

19 **Sec. 8.** RCW 18.04.180 and 2004 c 159 s 3 are each amended to read
20 as follows:

21 (1) The board (~~(shall)~~) may authorize the department to issue a
22 license to a holder of a certificate/valid license issued by another
23 state that entitles the holder to practice public accountancy, provided
24 that:

25 (a) Such state makes similar provision to grant reciprocity to a
26 holder of a valid certificate or license in this state;

27 (b) The applicant meets the CPE requirements of RCW 18.04.215(5);

28 (c) The applicant meets the good character requirements of RCW
29 18.04.105(1)(a); and

30 (d) The applicant passed the examination required for issuance of
31 his or her (~~certificate or~~) license with grades that would have been
32 passing grades at that time in this state and meets all current
33 requirements in this state for issuance of a license at the time
34 application is made; or at the time of the issuance of the applicant's
35 license in the other state, met all the requirements then applicable in
36 this state; or has three years of experience within the five years
37 immediately preceding application or had five years of experience

1 within the ten years immediately preceding application in the practice
2 of public accountancy that meets the requirements prescribed by the
3 board.

4 (2) The board may accept NASBA's designation of the applicant as
5 substantially equivalent to national standards as meeting the
6 requirement of subsection (1)(d) of this section.

7 (3) A licensee who has been granted a license under the reciprocity
8 provisions of this section shall notify the board within thirty days if
9 the license or certificate issued in the other jurisdiction has lapsed
10 or if the status of the license or certificate issued in the other
11 jurisdiction becomes otherwise invalid.

12 **Sec. 9.** RCW 18.04.183 and 2001 c 294 s 9 are each amended to read
13 as follows:

14 The board (~~(shall grant)~~) may authorize the department to issue a
15 license as a certified public accountant to a holder of a permit,
16 license, or certificate issued by a foreign country's board, agency, or
17 institute, provided that:

18 (1) The foreign country where the foreign permit, license, or
19 certificate was issued is a party to an agreement on trade with the
20 United States that encourages the mutual recognition of licensing and
21 certification requirements for the provision of covered services by the
22 parties under the trade agreement;

23 (2) Such foreign country's board, agency, or institute makes
24 similar provision to allow a person who holds a valid license issued by
25 this state to obtain such foreign country's comparable permit, license,
26 or certificate;

27 (3) The foreign permit, license, or certificate:

28 (a) Was duly issued by such foreign country's board, agency, or
29 institute that regulates the practice of public accountancy; and

30 (b) Is in good standing at the time of the application; and

31 (c) Was issued upon the basis of educational, examination,
32 experience, and ethical requirements substantially equivalent currently
33 or at the time of issuance of the foreign permit, license, or
34 certificate to those in this state;

35 (4) The applicant has within the thirty-six months prior to
36 application completed an accumulation of one hundred twenty hours of

1 CPE as required under RCW 18.04.215(5). The board shall provide for
2 transition from existing to new CPE requirements;

3 (5) The applicant's foreign permit, license, or certificate was the
4 type of permit, license, or certificate requiring the most stringent
5 qualifications if, in the foreign country, more than one type of
6 permit, license, or certificate is issued. This state's board shall
7 decide which are the most stringent qualifications;

8 (6) The applicant has passed a written examination or its
9 equivalent, approved by the board, that tests knowledge in the areas of
10 United States accounting principles, auditing standards, commercial
11 law, income tax law, and Washington state rules of professional ethics;
12 and

13 (7) The applicant has within the eight years prior to applying for
14 a license under this section, demonstrated, in accordance with the
15 rules issued by the board, one year of public accounting experience,
16 within the foreign country where the foreign permit, license, or
17 certificate was issued, equivalent to the experience required under RCW
18 18.04.105(1)(d) or such other experience or employment which the board
19 in its discretion regards as substantially equivalent.

20 The board may adopt by rule new CPE standards that differ from
21 those in subsection (4) of this section or RCW 18.04.215 if the new
22 standards are consistent with the CPE standards of other states so as
23 to provide to the greatest extent possible, consistent national
24 standards.

25 A licensee who has been granted a license under the reciprocity
26 provisions of this section shall notify the board within thirty days if
27 the permit, license, or certificate issued in the other jurisdiction
28 has lapsed or if the status of the permit, license, or certificate
29 issued in the other jurisdiction becomes otherwise invalid.

30 **Sec. 10.** RCW 18.04.185 and 2001 c 294 s 10 are each amended to
31 read as follows:

32 Application for a license to practice public accounting in this
33 state by a certified public accountant or CPA firm who holds a license
34 or permit to practice issued by another state constitutes the
35 appointment of the (~~secretary of state~~) director or designee as an
36 agent for service of process in any action or proceeding against the

1 applicant arising from any transaction or operation connected with or
2 incidental to the practice of public accounting in this state by the
3 holder of the license to practice.

4 **Sec. 11.** RCW 18.04.195 and 2008 c 16 s 3 are each amended to read
5 as follows:

6 (1) The board shall (~~grant~~) may authorize the department to issue
7 or renew licenses to practice as a CPA firm to applicants that
8 demonstrate their qualifications therefore in accordance with this
9 section.

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

11 (i) Any firm with an office in this state performing attest
12 services as defined in RCW 18.04.025(1) or compilations as defined in
13 RCW 18.04.025(6);

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

16 (iii) Any firm that does not have an office in this state but
17 performs attest services described in RCW 18.04.025(1) (a), (c), or (d)
18 for a client having its home office in this state.

19 (b) A firm that is not subject to the requirements of subsection
20 (1)(a)(iii) of this section may perform other professional services
21 while using the title "CPA" or "CPA firm" in this state without a
22 license issued under this section only if:

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

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

28 (iii) A firm performing services described in RCW 18.04.025 (1)(b)
29 and (6) meets the board's quality assurance (~~review~~) review program
30 requirements authorized by RCW 18.04.055(9) and the rules implementing
31 that section.

32 (2) A sole proprietorship required to obtain a license under
33 subsection (1) of this section shall license, as a firm, every three
34 years (~~with~~) through the (~~board~~) department.

35 (a) The sole proprietor shall hold and renew a license to practice
36 under RCW 18.04.105 and 18.04.215, or, in the case of a sole

1 proprietorship that must obtain a license pursuant to subsection
2 (1)(a)(iii) of this section, be a licensee of another state who meets
3 the requirements in RCW 18.04.350(2);

4 (b) Each resident individual in charge of an office located in this
5 state shall hold and renew a license to practice under RCW 18.04.105
6 and 18.04.215; and

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

9 (3) A partnership required to obtain a license under subsection (1)
10 of this section shall license as a firm every three years ((with))
11 through the ((~~board~~)) department, and shall meet the following
12 requirements:

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

18 (b) Each resident individual in charge of an office in this state
19 shall hold and renew a license to practice under RCW 18.04.105 and
20 18.04.215;

21 (c) At least a simple majority of the ownership of the licensed
22 firm in terms of financial interests and voting rights of all partners
23 or owners shall be held by persons who are licensees or holders of a
24 valid license issued under this chapter or by another state. The
25 principal partner of the partnership and any partner having authority
26 over issuing reports on financial statements shall hold a license under
27 this chapter or issued by another state; and

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

30 (4) A corporation required to obtain a license under subsection (1)
31 of this section shall license as a firm every three years ((with))
32 through the ((~~board~~)) department and shall meet the following
33 requirements:

34 (a) At least a simple majority of the ownership of the licensed
35 firm in terms of financial interests and voting rights of all
36 shareholders or owners shall be held by persons who are licensees or
37 holders of a valid license issued under this chapter or by another
38 state and is principally employed by the corporation or actively

1 engaged in its business. The principal officer of the corporation and
2 any officer or director having authority over issuing reports on
3 financial statements shall hold a license under this chapter or issued
4 by another state;

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

10 (c) Each resident individual in charge of an office located in this
11 state shall hold and renew a license under RCW 18.04.105 and 18.04.215;

12 (d) A written agreement shall bind the corporation or its
13 shareholders to purchase any shares offered for sale by, or not under
14 the ownership or effective control of, a qualified shareholder, and
15 bind any holder not a qualified shareholder to sell the shares to the
16 corporation or its qualified shareholders. The agreement shall be
17 noted on each certificate of corporate stock. The corporation may
18 purchase any amount of its stock for this purpose, notwithstanding any
19 impairment of capital, as long as one share remains outstanding;

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

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

25 (5) A limited liability company required to obtain a license under
26 subsection (1) of this section shall license as a firm every three
27 years (~~(with)~~) through the (~~(board)~~) department, and shall meet the
28 following requirements:

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

34 (b) Each resident manager or member in charge of an office located
35 in this state shall hold and renew a license under RCW 18.04.105 and
36 18.04.215;

37 (c) At least a simple majority of the ownership of the licensed
38 firm in terms of financial interests and voting rights of all owners

1 shall be held by persons who are licensees or holders of a valid
2 license issued under this chapter or by another state. The principal
3 member or manager of the limited liability company and any member
4 having authority over issuing reports on financial statements shall
5 hold a license under this chapter or issued by another state; and

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

8 (6) Application for a license as a firm with an office in this
9 state shall be made upon the affidavit of the proprietor or individual
10 designated as managing partner, member, or shareholder for Washington.
11 This individual shall hold a license under RCW 18.04.215.

12 (7) In the case of a firm licensed in another state and required to
13 obtain a license under subsection (1)(a)(iii) of this section, the
14 application for the firm license shall be made upon the affidavit of an
15 individual who qualifies for practice privileges in this state under
16 RCW 18.04.350(2) who has been authorized by the applicant firm to make
17 the application. The board shall determine in each case whether the
18 applicant is eligible for a license.

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

23 (9) Licensed firms that fall out of compliance with the provisions
24 of this section due to changes in firm ownership, after receiving or
25 renewing a license, shall notify the board in writing within ninety
26 days of its falling out of compliance and propose a time period in
27 which they will come back into compliance. The board may grant a
28 reasonable period of time for a firm to be in compliance with the
29 provisions of this section. Failure to bring the firm into compliance
30 within a reasonable period of time, as determined by the board, may
31 result in suspension, revocation, or imposition of conditions on the
32 firm's license.

33 (10) The department shall establish fees for the license as a firm
34 and for notification ~~((of))~~ to the board of the admission or withdrawal
35 of a partner, shareholder, or member ~~((shall be determined by the
36 board))~~. Fees shall be paid by the firm at the time the license
37 application form or notice of admission or withdrawal of a partner,
38 shareholder, or member is filed with the ~~((board))~~ department.

1 (11) Nonlicensee owners of licensed firms are:
2 (a) Required to fully comply with the provisions of this chapter
3 and board rules;
4 (b) Required to be an individual;
5 (c) Required to be an active individual participant in the licensed
6 firm or affiliated entities as these terms are defined by board rule;
7 and
8 (d) Subject to discipline by the board for violation of this
9 chapter.

10 (12) Resident nonlicensee owners of licensed firms are required to
11 meet:
12 (a) The ethics examination(~~(7)~~) and registration(~~(7, and fee)~~)
13 requirements as established by the board rules and the fee requirement
14 as established by department rules; and
15 (b) The ethics CPE requirements established by the board rules.

16 (13)(a) Licensed firms must notify the board within thirty days
17 after:
18 (i) Sanction, suspension, revocation, or modification of their
19 professional license or practice rights by the securities exchange
20 commission, internal revenue service, or another state board of
21 accountancy;
22 (ii) Sanction or order against the licensee or nonlicensee firm
23 owner by any federal or other state agency related to the licensee's
24 practice of public accounting or violation of ethical or technical
25 standards established by board rule; or
26 (iii) The licensed firm is notified that it has been charged with
27 a violation of law that could result in the suspension or revocation of
28 the firm's license by a federal or other state agency, as identified by
29 board rule, related to the firm's professional license, practice
30 rights, or violation of ethical or technical standards established by
31 board rule.

32 (b) The board must adopt rules to implement this subsection and may
33 also adopt rules specifying requirements for licensees to report to the
34 (~~board~~) department sanctions or orders relating to the licensee's
35 practice of public accounting or violation of ethical or technical
36 standards entered against the licensee by a nongovernmental
37 professionally related standard-setting entity.

1 **Sec. 12.** RCW 18.04.205 and 2008 c 16 s 4 are each amended to read
2 as follows:

3 (1) Each office established or maintained in this state for the
4 purpose of offering to issue or issuing attest or compilation reports
5 in this state or that uses the title "certified public accountant" or
6 "CPA," shall register with the (~~board~~) department under this chapter
7 every three years.

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

11 (3) The board shall by rule prescribe the procedure to be followed
12 to register and maintain offices established in this state for the
13 purpose of offering to issue or issuing attest or compilation reports
14 or that use the title "certified public accountant" or "CPA."

15 (4) Fees for the registration of offices shall be (~~determined~~)
16 established by the (~~board~~) department. Fees shall be paid by the
17 applicant at the time the registration form is filed with the (~~board~~)
18 department.

19 **Sec. 13.** RCW 18.04.215 and 2003 c 290 s 2 are each amended to read
20 as follows:

21 (1) Three-year licenses shall be authorized by the board and issued
22 by the (~~board~~) department:

23 (a) To persons meeting the requirements of RCW 18.04.105(1),
24 18.04.180, or 18.04.183.

25 (b) To certificate holders meeting the requirements of RCW
26 18.04.105(4).

27 (c) To firms under RCW 18.04.195, meeting the requirements of RCW
28 18.04.205.

29 (2) The board shall, by rule, provide for a system of certificate
30 and license renewal and reinstatement. Applicants for renewal or
31 reinstatement shall, at the time of filing their applications, list
32 with the board all states and foreign jurisdictions in which they hold
33 or have applied for certificates, permits or licenses to practice.

34 (3) An inactive certificate is renewed every three years with
35 renewal subject to the requirements of ethics CPE prescribed by the
36 board, and the payment of fees(~~, prescribed~~) required by rule of the
37 (~~board~~) department. Failure to renew the inactive certificate shall

1 cause the inactive certificate to lapse and be subject to
2 reinstatement. The ((board)) department shall adopt rules providing
3 for fees, and the board shall adopt rules providing for procedures for
4 renewal and reinstatement of inactive certificates.

5 (4) A license is issued every three years with renewal subject to
6 requirements of CPE prescribed by the board and payment of fees(~~(-~~
7 ~~prescribed by the board))~~ as required by rule of the department.
8 Failure to renew the license shall cause the license to lapse and
9 become subject to reinstatement. Persons holding a lapsed license are
10 prohibited from using the title "CPA" or "certified public accountant."
11 Persons holding a lapsed license are prohibited from practicing public
12 accountancy. The ((board)) department shall adopt rules providing for
13 fees, and the board shall adopt rules providing for procedures for
14 issuance, renewal, and reinstatement of licenses.

15 (5) The board shall adopt rules providing for CPE for licensees and
16 certificate holders. The rules shall:

17 (a) Provide that a licensee shall verify to the ((board))
18 department that he or she has completed at least an accumulation of one
19 hundred twenty hours of CPE during the last three-year period to
20 maintain the license;

21 (b) Establish CPE requirements; and

22 (c) Establish when new licensees shall verify that they have
23 completed the required CPE.

24 (6) A certified public accountant who holds a license issued by
25 another state, and applies for a license in this state, may practice in
26 this state from the date of filing a completed application with the
27 board, until the board has acted upon the application provided the
28 application is made prior to holding out as a certified public
29 accountant in this state and no sanctions or investigations, deemed by
30 the board to be pertinent to public accountancy, by other jurisdictions
31 or agencies are in process.

32 (7) A licensee shall submit to the board satisfactory proof of
33 having completed an accumulation of one hundred twenty hours of CPE
34 recognized and approved by the board during the preceding three years.
35 Failure to furnish this evidence as required shall make the license
36 lapse and subject to reinstatement procedures, unless the ((board))
37 department determines the failure to have been due to retirement or
38 reasonable cause.

1 The board in its discretion may authorize the department to renew
2 a certificate or license despite failure to furnish evidence of
3 compliance with requirements of CPE upon condition that the applicant
4 follow a particular program of CPE. In issuing rules and individual
5 orders with respect to CPE requirements, the board, among other
6 considerations, may rely upon guidelines and pronouncements of
7 recognized educational and professional associations, may prescribe
8 course content, duration, and organization, and may take into account
9 the accessibility of CPE to licensees and certificate holders and
10 instances of individual hardship.

11 (8) Fees for renewal or reinstatement of certificates and licenses
12 in this state shall be determined by the (~~board~~) department under
13 this chapter. Fees shall be paid by the applicant at the time the
14 application form is filed with the (~~board~~) department. The (~~board~~)
15 department, by rule, may provide for proration of fees for licenses or
16 certificates issued between normal renewal dates.

17 (9)(a) Licensees, certificate holders, and nonlicensee owners must
18 notify the board within thirty days after:

19 (i) Sanction, suspension, revocation, or modification of their
20 professional license or practice rights by the securities exchange
21 commission, internal revenue service, or another state board of
22 accountancy;

23 (ii) Sanction or order against the licensee, certificate holder, or
24 nonlicensee owner by any federal or other state agency related to the
25 licensee's practice of public accounting or the licensee's, certificate
26 holder's, or nonlicensee owner's violation of ethical or technical
27 standards established by board rule; or

28 (iii) The licensee, certificate holder, or nonlicensee owner is
29 notified that he or she has been charged with a violation of law that
30 could result in the suspension or revocation of a license or
31 certificate by a federal or other state agency, as identified by board
32 rule, related to the licensee's, certificate holder's, or nonlicensee
33 owner's professional license, practice rights, or violation of ethical
34 or technical standards established by board rule.

35 (b) The board must adopt rules to implement this subsection and may
36 also adopt rules specifying requirements for licensees, certificate
37 holders, and nonlicensee owners to report to the board sanctions or
38 orders relating to the licensee's practice of public accounting or the

1 licensee's, certificate holder's, or nonlicensee owner's violation of
2 ethical or technical standards entered against the licensee,
3 certificate holder, or nonlicensee owner by a nongovernmental
4 professionally related standard-setting entity.

5 **Sec. 14.** RCW 18.04.295 and 2004 c 159 s 4 are each amended to read
6 as follows:

7 (1) The board shall have the power to: Revoke, suspend, or refuse
8 to issue, renew, or reinstate a license or certificate; impose a fine
9 in an amount not to exceed thirty thousand dollars plus the board's
10 investigative and legal costs in bringing charges against a certified
11 public accountant, a certificate holder, a licensee, a licensed firm,
12 an applicant, a non-CPA violating the provisions of RCW 18.04.345, or
13 a nonlicensee holding an ownership interest in a licensed firm; may
14 impose full restitution to injured parties; may impose conditions
15 precedent to renewal of a certificate or a license; or may prohibit a
16 nonlicensee from holding an ownership interest in a licensed firm, for
17 any of the following causes:

18 ~~((1))~~ (a) Fraud or deceit in obtaining a license, or in any
19 filings with the department or board;

20 ~~((2))~~ (b) Dishonesty, fraud, or negligence while representing
21 oneself as a nonlicensee owner holding an ownership interest in a
22 licensed firm, a licensee, or a certificate holder;

23 ~~((3))~~ (c) A violation of any provision of this chapter;

24 ~~((4))~~ (d) A violation of a rule of professional conduct
25 promulgated by the board under the authority granted by this chapter;

26 ~~((5))~~ (e) Conviction of a crime or an act constituting a crime
27 under:

28 ~~((a))~~ (i) The laws of this state;

29 ~~((b))~~ (ii) The laws of another state, and which, if committed
30 within this state, would have constituted a crime under the laws of
31 this state; or

32 ~~((c))~~ (iii) Federal law;

33 ~~((6))~~ (f) Cancellation, revocation, suspension, or refusal to
34 renew the authority to practice as a certified public accountant by any
35 other state for any cause other than failure to pay a fee or to meet
36 the requirements of CPE in the other state;

1 ~~((7))~~ (g)(i) Suspension or revocation of the right to practice
2 matters relating to public accounting before any state or federal
3 agency;

4 (ii) For purposes of ~~((subsections (6) and (7)))~~ (f) and (g)(i) of
5 this ~~((section))~~ subsection, a certified copy of such revocation,
6 suspension, or refusal to renew shall be prima facie evidence;

7 ~~((8))~~ (h) Failure to maintain compliance with the requirements
8 for issuance, renewal, or reinstatement of a certificate or license, or
9 to report changes to the ~~((board))~~ department;

10 ~~((9))~~ (i) Failure to cooperate with the department or board by:

11 ~~((a))~~ (i) Failure to furnish any papers or documents requested or
12 ordered by the department or board;

13 ~~((b))~~ (ii) Failure to furnish in writing a full and complete
14 explanation covering the matter contained in the complaint filed with
15 the department or board or the inquiry of the department or board;

16 ~~((c))~~ (iii) Failure to respond to subpoenas issued by the board,
17 whether or not the recipient of the subpoena is the accused in the
18 proceeding;

19 ~~((10))~~ (j) Failure by a nonlicensee owner of a licensed firm to
20 comply with the requirements of this chapter or department or board
21 rule; and

22 ~~((11))~~ (k) Failure to comply with an order of the board.

23 (2) The board shall also have the power to impose such other
24 disciplinary action authorized under RCW 18.235.110, upon determination
25 that a certified public accountant, a certificate holder, a licensee,
26 a licensed firm, an applicant, a non-CPA violating the provisions of
27 RCW 18.04.345, or a nonlicensee holding an ownership interest in a
28 licensed firm, has engaged in unprofessional conduct as defined by RCW
29 18.235.130.

30 **Sec. 15.** RCW 18.04.335 and 2001 c 294 s 16 are each amended to
31 read as follows:

32 (1) Upon application in writing and after hearing pursuant to
33 notice, the board may:

34 (a) Modify the suspension of, or authorize the department to
35 reissue a certificate or a license to, an individual whose certificate
36 or license has been revoked or suspended; or

1 (b) Modify the suspension of, or authorize the department to
2 reissue a license to a firm whose license has been revoked, suspended,
3 or which the board has refused to renew.

4 (2) In the case of suspension for failure to comply with a support
5 order under chapter 74.20A RCW, if the person has continued to meet all
6 other requirements for reinstatement during the suspension, reissuance
7 of a certificate or a license shall be automatic upon the board's
8 receipt of a release issued by the department of social and health
9 services stating that the individual is in compliance with the order.

10 **Sec. 16.** RCW 18.04.345 and 2009 c 116 s 1 are each amended to read
11 as follows:

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

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

26 (3) No firm with an office in this state may perform or offer to
27 perform attest services as defined in RCW 18.04.025(1) or compilation
28 services as defined in RCW 18.04.025(6) or assume or use the
29 designation "certified public accountant" or "CPA" or any other title,
30 designation, words, letters, abbreviation, sign, card, or device
31 tending to indicate that the firm is composed of certified public
32 accountants or CPAs, unless the firm is licensed under RCW 18.04.195
33 and all offices of the firm in this state are maintained and registered
34 under RCW 18.04.205. This subsection does not limit the services
35 permitted under RCW 18.04.350(10) by persons not required to be
36 licensed under this chapter.

1 (4) No firm may perform the services defined in RCW 18.04.025(1)
2 (a), (c), or (d) for a client with its home office in this state unless
3 the firm is licensed under RCW 18.04.195, renews the firm license as
4 required under RCW 18.04.215, and all offices of the firm in this state
5 are maintained and registered under RCW 18.04.205.

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

16 (6) No licensed firm may operate under an alias, a firm name,
17 title, or "DBA" that differs from the firm name that is registered with
18 the board.

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

26 (8) No individual licensed in another state may sign, affix, or
27 associate a firm name to any report prescribed by professional
28 standards, or associate a firm name in conjunction with the title
29 certified public accountant, 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 18.04.105 and 18.04.215, and all of the
33 individual's offices in this state are maintained and registered under
34 RCW 18.04.205.

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

1 18.04.205, or not qualified for the practice privileges authorized by
2 RCW 18.04.350(2), may hold himself, herself, or itself out to the
3 public as an "auditor" with or without any other description or
4 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. 17.** RCW 18.04.350 and 2008 c 16 s 6 are each amended to read
19 as follows:

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

26 (2) An individual whose principal place of business is not in this
27 state shall be presumed to have qualifications substantially equivalent
28 to this state's requirements and shall have all the privileges of
29 licensees of this state without the need to obtain a license under RCW
30 18.04.105 if the individual:

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

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

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

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

5 (b) Holds a valid license as a certified public accountant from any
6 state that does not meet the requirements of (a) of this subsection,
7 but such individual's qualifications are substantially equivalent to
8 those requirements. Any individual who passed the uniform certified
9 public accountant examination and holds a valid license issued by any
10 other state prior to January 1, 2012, may be exempt from the education
11 requirements in (a)(i) of this subsection for purposes of this section.

12 (3) Notwithstanding any other provision of law, an individual who
13 qualifies for the practice privilege under subsection (2) of this
14 section may offer or render professional services, whether in person or
15 by mail, telephone, or electronic means, and no notice, fee, or other
16 submission shall be provided by any such individual. Such an
17 individual shall be subject to the requirements of subsection (4) of
18 this section.

19 (4) Any individual licensee of another state exercising the
20 privilege afforded under subsection (2) of this section and the firm
21 that employs that licensee simultaneously consent, as a condition of
22 exercising this privilege:

23 (a) To the personal and subject matter jurisdiction and
24 disciplinary authority of the board;

25 (b) To comply with this chapter and the board's and department's
26 rules;

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

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

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

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

3 (b) Any examination of prospective financial information to be
4 performed in accordance with statements on standards for attestation
5 engagements; or

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

8 (6) A licensee of this state offering or rendering services or
9 using (~~their~~) his or her CPA title in another state shall be subject
10 to disciplinary action in this state for an act committed in another
11 state for which the licensee would be subject to discipline for an act
12 committed in the other state. Notwithstanding RCW 18.04.295 and this
13 section, the board shall cooperate with and investigate any complaint
14 made by the board of accountancy of another state or jurisdiction.

15 (7) Nothing in this chapter prohibits a licensee, a licensed firm,
16 any of their employees, or persons qualifying for practice privileges
17 by this section from disclosing any data in confidence to other
18 certified public accountants, quality assurance or peer review teams,
19 partnerships, limited liability companies, or corporations of certified
20 public accountants or to the board or the department or any of (~~its~~)
21 their employees engaged in conducting quality assurance or peer
22 reviews, or any one of their employees in connection with quality or
23 peer reviews of that accountant's accounting and auditing practice
24 conducted under the auspices of recognized professional associations.

25 (8) Nothing in this chapter prohibits a licensee, a licensed firm,
26 any of their employees, or persons qualifying for practice privileges
27 by this section from disclosing any data in confidence to any employee,
28 representative, officer, or committee member of a recognized
29 professional association, or to the board or the department, or any of
30 (~~its~~) their employees or committees in connection with a professional
31 investigation held under the auspices of recognized professional
32 associations or the board.

33 (9) Nothing in this chapter prohibits any officer, employee,
34 partner, or principal of any organization:

35 (a) From affixing his or her signature to any statement or report
36 in reference to the affairs of the organization with any wording
37 designating the position, title, or office which he or she holds in the
38 organization; or

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

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

18 (11) Nothing in this chapter prohibits any act of or the use of any
19 words by a public official or a public employee in the performance of
20 his or her duties.

21 (12) Nothing contained in this chapter prohibits any person who
22 holds only a valid certificate from assuming or using the designation
23 "certified public accountant-inactive" or "CPA-inactive" or any other
24 title, designation, words, letters, sign, card, or device tending to
25 indicate the person is a certificate holder, provided, that such person
26 does not perform or offer to perform for the public one or more kinds
27 of services involving the use of accounting or auditing skills,
28 including issuance of reports on financial statements or of one or more
29 kinds of management advisory, financial advisory, consulting services,
30 the preparation of tax returns, or the furnishing of advice on tax
31 matters.

32 (13) Nothing in this chapter prohibits the use of the title
33 "accountant" by any person regardless of whether the person has been
34 granted a certificate or holds a license under this chapter. Nothing
35 in this chapter prohibits the use of the title "enrolled agent" or the
36 designation "EA" by any person regardless of whether the person has
37 been granted a certificate or holds a license under this chapter if the
38 person is properly authorized at the time of use to use the title or

1 designation by the United States department of the treasury. The board
2 shall by rule allow the use of other titles by any person regardless of
3 whether the person has been granted a certificate or holds a license
4 under this chapter if the person using the titles or designations is
5 authorized at the time of use by a nationally recognized entity
6 sanctioning the use of board authorized titles.

7 **Sec. 18.** RCW 18.04.405 and 2001 c 294 s 22 are each amended to
8 read as follows:

9 (1) A licensee, certificate holder, or licensed firm, or any of
10 their employees shall not disclose any confidential information
11 obtained in the course of a professional transaction except with the
12 consent of the client or former client or as disclosure may be required
13 by law, legal process, the standards of the profession, or as
14 disclosure of confidential information is permitted by RCW 18.04.350
15 (~~((3))~~) (7) and (~~((4))~~) (8), 18.04.295(~~((8))~~) (1)(i), 18.04.390, and
16 this section in connection with quality assurance, or peer reviews,
17 investigations, and any proceeding under chapter 34.05 RCW.

18 (2) This section shall not be construed as limiting the authority
19 of this state or of the United States or an agency of this state, the
20 board, or of the United States to subpoena and use such confidential
21 information obtained by a licensee, or any of their employees in the
22 course of a professional transaction in connection with any
23 investigation, public hearing, or other proceeding, nor shall this
24 section be construed as prohibiting a licensee or certified public
25 accountant whose professional competence has been challenged in a court
26 of law or before an administrative agency from disclosing confidential
27 information as a part of a defense to the court action or
28 administrative proceeding.

29 (3) The proceedings, records, and work papers of a review committee
30 shall be privileged and shall not be subject to discovery, subpoena, or
31 other means of legal process or introduction into evidence in any civil
32 action, arbitration, administrative proceeding, or board proceeding and
33 no member of the review committee or person who was involved in the
34 peer review process shall be permitted or required to testify in any
35 such civil action, arbitration, administrative proceeding, or board
36 proceeding as to any matter produced, presented, disclosed, or
37 discussed during or in connection with the peer review process, or as

1 to any findings, recommendations, evaluations, opinions, or other
2 actions of such committees, or any members thereof. Information,
3 documents, or records that are publicly available are not to be
4 construed as immune from discovery or use in any civil action,
5 arbitration, administrative proceeding, or board proceeding merely
6 because they were presented or considered in connection with the
7 quality assurance or peer review process.

8 **Sec. 19.** RCW 18.04.430 and 1997 c 58 s 811 are each amended to
9 read as follows:

10 The board shall immediately suspend the certificate or license of
11 a person who has been certified pursuant to RCW 74.20A.320 by the
12 department of social and health services as a person who is not in
13 compliance with a support order (~~or a residential or visitation~~
14 ~~order~~). If the person has continued to meet all other requirements
15 for reinstatement during the suspension, reissuance of the license or
16 certificate shall be automatic upon the board's receipt of a release
17 issued by the department of social and health services stating that the
18 licensee is in compliance with the order.

19 NEW SECTION. **Sec. 20.** A new section is added to chapter 18.04 RCW
20 to read as follows:

21 The uniform regulation of business and professions act, chapter
22 18.235 RCW, governs unlicensed practice, the issuance and denial of
23 licenses, and the discipline of licensees under this chapter. If there
24 is a conflict between this chapter and chapter 18.235 RCW, the
25 provision in this chapter prevails.

26 NEW SECTION. **Sec. 21.** A new section is added to chapter 18.235
27 RCW to read as follows:

28 If there is a conflict between this chapter and chapter 18.04 RCW,
29 the provision in chapter 18.04 RCW prevails.

30 **Sec. 22.** RCW 18.235.020 and 2009 c 412 s 22, 2009 c 370 s 20, and
31 2009 c 102 s 5 are each reenacted and amended to read as follows:

32 (1) This chapter applies only to the director and the boards and
33 commissions having jurisdiction in relation to the businesses and

1 professions licensed under the chapters specified in this section.
2 This chapter does not apply to any business or profession not licensed
3 under the chapters specified in this section.

4 (2)(a) The director has authority under this chapter in relation to
5 the following businesses and professions:

- 6 (i) Auctioneers under chapter 18.11 RCW;
- 7 (ii) Bail bond agents and bail bond recovery agents under chapter
8 18.185 RCW;
- 9 (iii) Camping resorts' operators and salespersons under chapter
10 19.105 RCW;
- 11 (iv) Commercial telephone solicitors under chapter 19.158 RCW;
- 12 (v) Cosmetologists, barbers, manicurists, and estheticians under
13 chapter 18.16 RCW;
- 14 (vi) Court reporters under chapter 18.145 RCW;
- 15 (vii) Driver training schools and instructors under chapter 46.82
16 RCW;
- 17 (viii) Employment agencies under chapter 19.31 RCW;
- 18 (ix) For hire vehicle operators under chapter 46.72 RCW;
- 19 (x) Limousines under chapter 46.72A RCW;
- 20 (xi) Notaries public under chapter 42.44 RCW;
- 21 (xii) Private investigators under chapter 18.165 RCW;
- 22 (xiii) Professional boxing, martial arts, and wrestling under
23 chapter 67.08 RCW;
- 24 (xiv) Real estate appraisers under chapter 18.140 RCW;
- 25 (xv) Real estate brokers and salespersons under chapters 18.85 and
26 18.86 RCW;
- 27 (xvi) Security guards under chapter 18.170 RCW;
- 28 (xvii) Sellers of travel under chapter 19.138 RCW;
- 29 (xviii) Timeshares and timeshare salespersons under chapter 64.36
30 RCW;
- 31 (xix) Whitewater river outfitters under chapter 79A.60 RCW; ((and))
- 32 (xx) Home inspectors under chapter 18.280 RCW; and
- 33 (xxi) Body artists, body piercers, and tattoo artists, and body
34 art, body piercing, and tattooing shops and businesses, under chapter
35 18.300 RCW.

36 (b) The boards and commissions having authority under this chapter
37 are as follows:

- 38 (i) The board of accountancy established in chapter 18.04 RCW;

1 (ii) The state board of registration for architects established in
2 chapter 18.08 RCW;

3 ~~((+iii))~~ (iii) The Washington state collection agency board
4 established in chapter 19.16 RCW;

5 ~~((+iii))~~ (iv) The state board of registration for professional
6 engineers and land surveyors established in chapter 18.43 RCW governing
7 licenses issued under chapters 18.43 and 18.210 RCW;

8 ~~((+iv))~~ (v) The funeral and cemetery board established in chapter
9 18.39 RCW governing licenses issued under chapters 18.39 and 68.05 RCW;

10 ~~((+v))~~ (vi) The state board of licensure for landscape architects
11 established in chapter 18.96 RCW; and

12 ~~((+vi))~~ (vii) The state geologist licensing board established in
13 chapter 18.220 RCW.

14 (3) In addition to the authority to discipline license holders, the
15 disciplinary authority may grant or deny licenses based on the
16 conditions and criteria established in this chapter and the chapters
17 specified in subsection (2) of this section. This chapter also governs
18 any investigation, hearing, or proceeding relating to denial of
19 licensure or issuance of a license conditioned on the applicant's
20 compliance with an order entered under RCW 18.235.110 by the
21 disciplinary authority.

22 **Sec. 23.** RCW 43.03.028 and 2007 c 241 s 3 are each amended to read
23 as follows:

24 (1) There is hereby created a state committee on agency officials'
25 salaries to consist of seven members, or their designees, as follows:
26 The president of the University of Puget Sound; the chairperson of the
27 council of presidents of the state's four-year institutions of higher
28 education; the chairperson of the Washington personnel resources board;
29 the president of the Association of Washington Business; the president
30 of the Pacific Northwest Personnel Managers' Association; the president
31 of the Washington State Bar Association; and the president of the
32 Washington State Labor Council. If any of the titles or positions
33 mentioned in this subsection are changed or abolished, any person
34 occupying an equivalent or like position shall be qualified for
35 appointment by the governor to membership upon the committee.

36 (2) The committee shall study the duties and salaries of the
37 directors of the several departments and the members of the several

1 boards and commissions of state government, who are subject to
2 appointment by the governor or whose salaries are fixed by the
3 governor, and of the chief executive officers of the following agencies
4 of state government:

5 The arts commission; the human rights commission; (~~the board of~~
6 ~~accountancy;~~) the board of pharmacy; the eastern Washington historical
7 society; the Washington state historical society; the recreation and
8 conservation office; the criminal justice training commission; the
9 department of personnel; the state library; the traffic safety
10 commission; the horse racing commission; the advisory council on
11 vocational education; the public disclosure commission; the state
12 conservation commission; the commission on Hispanic affairs; the
13 commission on Asian Pacific American affairs; the state board for
14 volunteer firefighters and reserve officers; the transportation
15 improvement board; the public employment relations commission; the
16 forest practices appeals board; and the energy facilities site
17 evaluation council.

18 The committee shall report to the governor or the chairperson of
19 the appropriate salary fixing authority at least once in each fiscal
20 biennium on such date as the governor may designate, but not later than
21 seventy-five days prior to the convening of each regular session of the
22 legislature during an odd-numbered year, its recommendations for the
23 salaries to be fixed for each position.

24 (3) Committee members shall be reimbursed by the department of
25 personnel for travel expenses under RCW 43.03.050 and 43.03.060.

26 NEW SECTION. **Sec. 24.** (1) The board of accountancy is transferred
27 to the department of licensing.

28 (2)(a) All reports, documents, surveys, books, records, files,
29 papers, or written material in the possession of the board of
30 accountancy shall be delivered to the custody of the department of
31 licensing. All cabinets, furniture, office equipment, motor vehicles,
32 and other tangible property employed by the board of accountancy shall
33 be made available to the department of licensing. All funds, credits,
34 or other assets held by the board of accountancy shall be assigned to
35 the department of licensing.

36 (b) Any appropriations made to the board of accountancy shall, on

1 the effective date of this section, be transferred and credited to the
2 department of licensing.

3 (c) If any question arises as to the transfer of any personnel,
4 funds, books, documents, records, papers, files, equipment, or other
5 tangible property used or held in the exercise of the powers and the
6 performance of the duties and functions transferred, the director of
7 financial management shall make a determination as to the proper
8 allocation and certify the same to the state agencies concerned.

9 (3) All employees of the board of accountancy are transferred to
10 the jurisdiction of the department of licensing. All employees
11 classified under chapter 41.06 RCW, the state civil service law, are
12 assigned to the department of licensing to perform their usual duties
13 upon the same terms as formerly, without any loss of rights, subject to
14 any action that may be appropriate thereafter in accordance with the
15 laws and rules governing state civil service.

16 (4) All rules and all pending business before the board of
17 accountancy shall be continued and acted upon by the department of
18 licensing. All existing contracts and obligations shall remain in full
19 force and shall be performed by the department of licensing.

20 (5) The transfer of the powers, duties, functions, and personnel of
21 the board of accountancy shall not affect the validity of any act
22 performed before the effective date of this section.

23 (6) If apportionments of budgeted funds are required because of the
24 transfers directed by this section, the director of financial
25 management shall certify the apportionments to the agencies affected,
26 the state auditor, and the state treasurer. Each of these shall make
27 the appropriate transfer and adjustments in funds and appropriation
28 accounts and equipment records in accordance with the certification.

29 (7) All classified employees of the board of accountancy assigned
30 to the department of licensing under this act whose positions are
31 within an existing bargaining unit description at the department of
32 licensing shall become a part of the existing bargaining unit at the
33 department of licensing and shall be considered an appropriate
34 inclusion or modification of the existing bargaining unit under the
35 provisions of chapter 41.80 RCW.

1 NEW SECTION. **Sec. 25.** This act takes effect July 1, 2010.

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