

SENATE BILL REPORT

HB 1263

As Reported by Senate Committee On:
Commerce & Labor, March 25, 2015

Title: An act relating to private investigators.

Brief Description: Exempting certified public accountants from private investigator regulations.

Sponsors: Representatives Stokesbary, Kirby, Vick, Hurst and Buys.

Brief History: Passed House: 2/16/15, 93-5.

Committee Activity: Commerce & Labor: 3/20/15, 3/25/15 [DP].

SENATE COMMITTEE ON COMMERCE & LABOR

Majority Report: Do pass.

Signed by Senators Baumgartner, Chair; Braun, Vice Chair; Hasegawa, Ranking Minority Member; Conway, Keiser, King and Warnick.

Staff: Susan Jones (786-7404)

Background: Private investigators are regulated under Washington law. The Department of Licensing issues licenses for private investigators, armed private investigators, private investigator agencies, and armed private investigator agencies.

A private investigator is a licensed person employed by a private investigator agency for purposes of investigation, escort or bodyguard services, or property loss prevention activities. An armed private investigator is a private investigator who has a current firearms certificate issued by the Criminal Justice Training Commission and is licensed as an armed private investigator.

A private investigator agency is a licensed person or entity engaged in the business of detecting, discovering, or revealing one or more of the following:

- crime, criminals, or related information;
- the identity, habits, conduct, business, occupation, honesty, integrity, credibility, knowledge, trustworthiness, efficiency, loyalty, activity, movement, whereabouts, affiliations, associations, transactions, acts, reputation, or character of any person or thing;
- the location, disposition, or recovery of lost or stolen property;

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- the cause or responsibility for fires, libels, losses, accidents, or damage or injury to persons or to property;
- evidence to be used before a court, board, officer, or investigative committee;
- detecting the presence of electronic eavesdropping devices; or
- the truth or falsity of a statement or representation.

There are a number of exemptions from the private investigators' regulations, including U.S. or state officers or employees, financial ratings businesses, attorneys, collection agencies, insurers and adjusters, banks, secured creditors, forensic scientists, and accident reconstructionists.

The Public Accountancy Act (Act) governs the practice of public accounting in the state. Under the Act, the Board of Accountancy was created. The Board of Accountancy governs certified public accountants (CPAs) and issues licenses to individuals and accounting firms meeting statutory requirements.

Summary of Bill: The requirements of the private investigators' regulations do not apply to CPAs regulated under the Act or their employees performing duties within the scope of public accountancy.

Appropriation: None.

Fiscal Note: Not requested.

Committee/Commission/Task Force Created: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Staff Summary of Public Testimony: PRO: This bill is a simple bill. Every accountant in the state is licensed and regulated by the state Board of Accountancy. Every private investigator, unless they qualify for an exemption, must obtain a private investigator license under a different chapter. There are a group of accountants called forensic accountants that do some work that may be considered private investigator work. There is a concern they may have to comply with these two regulatory schemes and if they failed to register, they may be guilty of a gross misdemeanor. This bill just adds a twelfth exemption for accountants practicing accountancy. The work performed by CPAs and private investigators will naturally overlap from time to time. Auditors need to ask questions and validate that certain statements can be supported in normal work conditions when they audit financial statements. The CPA is regulated and has rigorous standards and a code of conduct. An exemption will avoid any confusion and the CPAs having to answer to two regulatory bodies.

Persons Testifying: PRO: Representative Stokesbary, prime sponsor; Pete Miller, Clark Nuber; James Peet, Peet and Associates.

Persons Signed in to Testify But Not Testifying: No one.