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SENATE BILL 6256

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State of Washington

65th Legislature

2018 Regular Session

By Senators Conway and Braun

Read first time 01/11/18. Referred to Committee on Labor & Commerce.

1 AN ACT Relating to allowing firms in the Canadian province of  
2 British Columbia to perform attest or compilation services for  
3 companies in Washington state that are the consolidated, subsidiary,  
4 or component entity of another corporate entity registered in Canada;  
5 amending RCW 18.04.350, 18.04.183, 18.04.195, 18.04.215, and  
6 18.04.345; creating a new section; and providing an expiration date.

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

8 NEW SECTION. **Sec. 1.** The legislature finds the current  
9 restrictions that prohibit accounting firms in the Canadian province  
10 of British Columbia from providing attest or compilation services to  
11 wholly or majority-owned subsidiaries of British Columbia companies  
12 residing in and registered in Washington to be an unnecessary  
13 constraint. There are a number of such entities in Washington that  
14 require specific financial services and reports for issuance solely  
15 in Canada but are unable to utilize the services of British Columbia  
16 accounting firms, thus resulting in high audit costs. The legislature  
17 intends to allow British Columbia accounting firms to provide  
18 specific engagements for these subsidiaries residing in Washington.

19 **Sec. 2.** RCW 18.04.350 and 2016 c 127 s 7 are each amended to  
20 read as follows:

1 (1) Nothing in this chapter prohibits any individual not holding  
2 a license and not qualified for the practice privileges authorized by  
3 subsection (2) of this section from serving as an employee of a firm  
4 licensed under RCW 18.04.195 and 18.04.215. However, the employee  
5 shall not issue any report as defined in this chapter, on the  
6 information of any other persons, firms, or governmental units over  
7 his or her name.

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

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

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

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

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

25 (b) Holds a valid license as a certified public accountant from  
26 any state that does not meet the requirements of (a) of this  
27 subsection, but such individual's qualifications are substantially  
28 equivalent to those requirements. Any individual who passed the  
29 uniform certified public accountant examination and holds a valid  
30 license issued by any other state prior to January 1, 2012, may be  
31 exempt from the education requirements in (a)(i) of this subsection  
32 for purposes of this section.

33 (3) Notwithstanding any other provision of law, an individual who  
34 qualifies for the practice privilege under subsection (2) of this  
35 section may offer or render professional services, whether in person  
36 or by mail, telephone, or electronic means, and no notice, fee, or  
37 other submission shall be provided by any such individual. Such an  
38 individual shall be subject to the requirements of subsection (4) of  
39 this section.

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

5 (a) To the personal and subject matter jurisdiction and  
6 disciplinary authority of the board;

7 (b) To comply with this chapter and the board's rules;

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

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

16 (5) An individual who qualifies for practice privileges under  
17 subsection (2) of this section who performs any attest service  
18 described in RCW 18.04.025(1) may only do so through a firm which has  
19 obtained a license under RCW 18.04.195 and 18.04.215 or which meets  
20 the requirements for an exception from the firm licensure  
21 requirements under RCW 18.04.195(1) (a)(iii) or (b).

22 (6) A licensee of this state offering or rendering services or  
23 using their CPA title in another state shall be subject to  
24 disciplinary action in this state for an act committed in another  
25 state for which the licensee would be subject to discipline for an  
26 act committed in the other state. Notwithstanding RCW 18.04.295 and  
27 this section, the board shall cooperate with and investigate any  
28 complaint made by the board of accountancy of another state or  
29 jurisdiction.

30 (7) Nothing in this chapter prohibits a licensee, a licensed  
31 firm, any of their employees, or persons qualifying for practice  
32 privileges by this section from disclosing any data in confidence to  
33 other certified public accountants, quality assurance or peer review  
34 teams, partnerships, limited liability companies, or corporations of  
35 certified public accountants or to the board or any of its employees  
36 engaged in conducting quality assurance or peer reviews, or any one  
37 of their employees in connection with quality or peer reviews of that  
38 accountant's accounting and auditing practice conducted under the  
39 auspices of recognized professional associations.

1 (8) Nothing in this chapter prohibits a licensee, a licensed  
2 firm, any of their employees, or persons qualifying for practice  
3 privileges by this section from disclosing any data in confidence to  
4 any employee, representative, officer, or committee member of a  
5 recognized professional association, or to the board, or any of its  
6 employees or committees in connection with a professional  
7 investigation held under the auspices of recognized professional  
8 associations or the board.

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

11 (a) From affixing his or her signature to any statement or report  
12 in reference to the affairs of the organization with any wording  
13 designating the position, title, or office which he or she holds in  
14 the organization; or

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

17 (10) Nothing in this chapter prohibits any person or firm  
18 composed of persons not holding a license under this chapter from  
19 offering or rendering to the public bookkeeping, accounting, tax  
20 services, the devising and installing of financial information  
21 systems, management advisory, or consulting services, the preparation  
22 of tax returns, or the furnishing of advice on tax matters, or  
23 similar services, provided that persons, partnerships, limited  
24 liability companies, or corporations not holding a license who offer  
25 or render these services do not designate any written statement as a  
26 report as defined in RCW 18.04.025(21) or use any language in any  
27 statement relating to the financial affairs of a person or entity  
28 which is conventionally used by licensees in reports or any attest  
29 service as defined in this chapter.

30 (11) Nothing in this chapter prohibits any person or firm  
31 composed of persons not holding a license under this chapter from  
32 offering or rendering to the public the preparation of financial  
33 statements, or written statements describing how such financial  
34 statements were prepared, provided that persons, partnerships,  
35 limited liability companies, or corporations not holding a license  
36 who offer or render these services do not designate any written  
37 statement as a report as defined in RCW 18.04.025(21), do not issue  
38 any written statement that purports to express or disclaim an opinion  
39 on financial statements that have been audited, and do not issue any  
40 written statement that expresses assurance on financial statements

1 that have been reviewed. The board may prescribe, by rule, language  
2 for the written statement describing how such financial statements  
3 were prepared for use by persons not holding a license under this  
4 chapter.

5 (12) Nothing in this chapter prohibits any act of or the use of  
6 any words by a public official or a public employee in the  
7 performance of his or her duties.

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

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

32 (15) Nothing in this chapter prohibits any firm holding a license  
33 or registration as a chartered professional accounting firm in the  
34 Canadian province of British Columbia from performing any of the  
35 following services: (a) An attest or compilation engagement of a  
36 business entity operating in Washington state that is the  
37 consolidated, subsidiary, or component entity of another entity that  
38 is operating in Canada who acts as the issuer of the report; or (b) a  
39 standalone attest or compilation engagement of a wholly or majority-

1 owned subsidiary and or component of an entity that is operating in  
2 Canada.

3 **Sec. 3.** RCW 18.04.183 and 2001 c 294 s 9 are each amended to  
4 read as follows:

5 (1) The board shall grant a license as a certified public  
6 accountant to a holder of a permit, license, or certificate issued by  
7 a foreign country's board, agency, or institute, provided that:

8 ~~((1))~~ (a) The foreign country where the foreign permit,  
9 license, or certificate was issued is a party to an agreement on  
10 trade with the United States that encourages the mutual recognition  
11 of licensing and certification requirements for the provision of  
12 covered services by the parties under the trade agreement;

13 ~~((2))~~ (b) Such foreign country's board, agency, or institute  
14 makes similar provision to allow a person who holds a valid license  
15 issued by this state to obtain such foreign country's comparable  
16 permit, license, or certificate;

17 ~~((3))~~ (c) The foreign permit, license, or certificate:

18 ~~((a))~~ (i) Was duly issued by such foreign country's board,  
19 agency, or institute that regulates the practice of public  
20 accountancy; and

21 ~~((b))~~ (ii) Is in good standing at the time of the application;  
22 and

23 ~~((c))~~ (iii) Was issued upon the basis of educational,  
24 examination, experience, and ethical requirements substantially  
25 equivalent currently or at the time of issuance of the foreign  
26 permit, license, or certificate to those in this state;

27 ~~((4))~~ (d) The applicant has within the thirty-six months prior  
28 to application completed an accumulation of one hundred twenty hours  
29 of CPE as required under RCW 18.04.215(5). The board shall provide  
30 for transition from existing to new CPE requirements;

31 ~~((5))~~ (e) The applicant's foreign permit, license, or  
32 certificate was the type of permit, license, or certificate requiring  
33 the most stringent qualifications if, in the foreign country, more  
34 than one type of permit, license, or certificate is issued. This  
35 state's board shall decide which are the most stringent  
36 qualifications;

37 ~~((6))~~ (f) The applicant has passed a written examination or its  
38 equivalent, approved by the board, that tests knowledge in the areas  
39 of United States accounting principles, auditing standards,

1 commercial law, income tax law, and Washington state rules of  
2 professional ethics; and

3 ~~((7))~~ (g) The applicant has within the eight years prior to  
4 applying for a license under this section, demonstrated, in  
5 accordance with the rules issued by the board, one year of public  
6 accounting experience, within the foreign country where the foreign  
7 permit, license, or certificate was issued, equivalent to the  
8 experience required under RCW 18.04.105(1)(d) or such other  
9 experience or employment which the board in its discretion regards as  
10 substantially equivalent.

11 (2) The board may adopt by rule new CPE standards that differ  
12 from those in subsection ~~((4))~~ (1)(d) of this section or RCW  
13 18.04.215 if the new standards are consistent with the CPE standards  
14 of other states so as to provide to the greatest extent possible,  
15 consistent national standards.

16 (3) A licensee who has been granted a license under the  
17 reciprocity provisions of this section shall notify the board within  
18 thirty days if the permit, license, or certificate issued in the  
19 other jurisdiction has lapsed or if the status of the permit,  
20 license, or certificate issued in the other jurisdiction becomes  
21 otherwise invalid.

22 (4) A chartered professional accountant licensed in the Canadian  
23 province of British Columbia who is an employee or owner of a  
24 chartered professional accounting firm also registered in the  
25 Canadian province of British Columbia is not required to obtain a  
26 license as a certified public accountant in Washington state,  
27 provided they are adhering to the provisions of RCW 18.04.350(15) in  
28 providing attest or compilation services to business entities covered  
29 under RCW 18.04.350(15).

30 **Sec. 4.** RCW 18.04.195 and 2016 c 127 s 4 are each amended to  
31 read as follows:

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

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

36 (i) Any firm with an office in this state performing attest  
37 services as defined in RCW 18.04.025(1) or compilations as defined in  
38 RCW 18.04.025(6);

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

3 (iii) Any firm that does not have an office in this state but  
4 offers or renders attest services described in RCW 18.04.025 in this  
5 state, unless it meets each of the following requirements:

6 (A) Complies with the qualifications described in subsection  
7 (3)(c), (4)(a), or (5)(c) of this section;

8 (B) Meets the board's quality assurance review program  
9 requirements authorized by RCW 18.04.055(9) and the rules  
10 implementing such section;

11 (C) Performs such services through an individual with practice  
12 privileges under RCW 18.04.350(2); and

13 (D) Can lawfully do so in the state where said individuals with  
14 practice privileges have their principal place of business.

15 (b) A chartered professional accounting firm registered in the  
16 Canadian province of British Columbia may provide compilation or  
17 attest services in accordance with RCW 18.04.350(15) without  
18 obtaining a Washington state CPA firm license.

19 (c) A firm that is not subject to the requirements of subsection  
20 (1)(a) of this section may perform compilation services described in  
21 RCW 18.04.025(6) and other nonattest professional services while  
22 using the title "CPA" or "CPA firm" in this state without a license  
23 issued under this section only if:

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

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

29 (2) A sole proprietorship required to obtain a license under  
30 subsection (1) of this section shall license, as a firm, every three  
31 years with the board.

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

37 (b) Each resident individual in charge of an office located in  
38 this state shall hold and renew a license to practice under RCW  
39 18.04.105 and 18.04.215; and

1 (c) The licensed firm must meet requirements established by rule  
2 by the board.

3 (3) A partnership required to obtain a license under subsection  
4 (1) of this section shall license as a firm every three years with  
5 the board, and shall meet the following requirements:

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

11 (b) Each resident individual in charge of an office in this state  
12 shall hold and renew a license to practice under RCW 18.04.105 and  
13 18.04.215;

14 (c) At least a simple majority of the ownership of the licensed  
15 firm in terms of financial interests and voting rights of all  
16 partners or owners shall be held by persons who are licensees or  
17 holders of a valid license issued under this chapter or by another  
18 state. The principal partner of the partnership and any partner  
19 having authority over issuing reports shall hold a license under this  
20 chapter or issued by another state; and

21 (d) The licensed firm must meet requirements established by rule  
22 by the board.

23 (4) A corporation required to obtain a license under subsection  
24 (1) of this section shall license as a firm every three years with  
25 the board and shall meet the following requirements:

26 (a) At least a simple majority of the ownership of the licensed  
27 firm in terms of financial interests and voting rights of all  
28 shareholders or owners shall be held by persons who are licensees or  
29 holders of a valid license issued under this chapter or by another  
30 state and is principally employed by the corporation or actively  
31 engaged in its business. The principal officer of the corporation and  
32 any officer or director having authority over issuing reports shall  
33 hold a license under this chapter or issued by another state;

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

1 (c) Each resident individual in charge of an office located in  
2 this state shall hold and renew a license under RCW 18.04.105 and  
3 18.04.215;

4 (d) A written agreement shall bind the corporation or its  
5 shareholders to purchase any shares offered for sale by, or not under  
6 the ownership or effective control of, a qualified shareholder, and  
7 bind any holder not a qualified shareholder to sell the shares to the  
8 corporation or its qualified shareholders. The agreement shall be  
9 noted on each certificate of corporate stock. The corporation may  
10 purchase any amount of its stock for this purpose, notwithstanding  
11 any impairment of capital, as long as one share remains outstanding;

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

15 (f) The licensed firm must meet requirements established by rule  
16 by the board.

17 (5) A limited liability company required to obtain a license  
18 under subsection (1) of this section shall license as a firm every  
19 three years with the board, and shall meet the following  
20 requirements:

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

26 (b) Each resident manager or member in charge of an office  
27 located in this state shall hold and renew a license under RCW  
28 18.04.105 and 18.04.215;

29 (c) At least a simple majority of the ownership of the licensed  
30 firm in terms of financial interests and voting rights of all owners  
31 shall be held by persons who are licensees or holders of a valid  
32 license issued under this chapter or by another state. The principal  
33 member or manager of the limited liability company and any member  
34 having authority over issuing reports shall hold a license under this  
35 chapter or issued by another state; and

36 (d) The licensed firm must meet requirements established by rule  
37 by the board.

38 (6) Application for a license as a firm with an office in this  
39 state shall be made upon the affidavit of the proprietor or

1 individual designated as managing partner, member, or shareholder for  
2 Washington. This individual shall hold a license under RCW 18.04.215.

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

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

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

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

31 (11) Nonlicensee owners of licensed firms are:

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

34 (b) Required to be an individual;

35 (c) Required to be of good character, as defined in RCW  
36 18.04.105(1)(a), and an active individual participant in the licensed  
37 firm or affiliated entities as these terms are defined by board rule;  
38 and

39 (d) Subject to discipline by the board for violation of this  
40 chapter.

1 (12) Resident nonlicensee owners of licensed firms are required  
2 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 (13)(a) Licensed firms must notify the board within thirty days  
7 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  
18 of the firm's license by a federal or other state agency, as  
19 identified by board rule, related to the firm's professional license,  
20 practice rights, or violation of ethical or technical standards  
21 established by board rule.

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

28 **Sec. 5.** RCW 18.04.215 and 2003 c 290 s 2 are each amended to  
29 read as follows:

30 (1) Three-year licenses shall be issued by the board:

31 (a) To persons meeting the requirements of RCW 18.04.105(1),  
32 18.04.180, or 18.04.183.

33 (b) To certificate holders meeting the requirements of RCW  
34 18.04.105(4).

35 (c) To firms under RCW 18.04.195, meeting the requirements of RCW  
36 18.04.205.

37 (2) The board shall, by rule, provide for a system of certificate  
38 and license renewal and reinstatement. Applicants for renewal or  
39 reinstatement shall, at the time of filing their applications, list

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

4 (3) An inactive certificate is renewed every three years with  
5 renewal subject to the requirements of ethics CPE and the payment of  
6 fees, prescribed by the board. Failure to renew the inactive  
7 certificate shall cause the inactive certificate to lapse and be  
8 subject to reinstatement. The board shall adopt rules providing for  
9 fees and procedures for renewal and reinstatement of inactive  
10 certificates.

11 (4) A license is issued every three years with renewal subject to  
12 requirements of CPE and payment of fees, prescribed by the board.  
13 Failure to renew the license shall cause the license to lapse and  
14 become subject to reinstatement. Persons holding a lapsed license are  
15 prohibited from using the title "CPA" or "certified public  
16 accountant." Persons holding a lapsed license are prohibited from  
17 practicing public accountancy. The board shall adopt rules providing  
18 for fees and procedures for issuance, renewal, and reinstatement of  
19 licenses.

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

22 (a) Provide that a licensee shall verify to the board that he or  
23 she has completed at least an accumulation of one hundred twenty  
24 hours of CPE during the last three-year period to maintain the  
25 license;

26 (b) Establish CPE requirements; and

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

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

37 (7) A licensee shall submit to the board satisfactory proof of  
38 having completed an accumulation of one hundred twenty hours of CPE  
39 recognized and approved by the board during the preceding three  
40 years. Failure to furnish this evidence as required shall make the

1 license lapse and subject to reinstatement procedures, unless the  
2 board determines the failure to have been due to retirement or  
3 reasonable cause.

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

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

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

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

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

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

39 (b) The board must adopt rules to implement this subsection and  
40 may also adopt rules specifying requirements for licensees,

1 certificate holders, and nonlicensee owners to report to the board  
2 sanctions or orders relating to the licensee's practice of public  
3 accounting or the licensee's, certificate holder's, or nonlicensee  
4 owner's violation of ethical or technical standards entered against  
5 the licensee, certificate holder, or nonlicensee owner by a  
6 nongovernmental professionally related standard-setting entity.

7 (10) A chartered professional accounting firm registered in the  
8 Canadian province of British Columbia and its owners and employees  
9 that provide compilation or attest services in accordance with RCW  
10 18.04.350(15) are not required to obtain a CPA firm license or  
11 individual CPA licenses and will not be subject to license fees.

12 **Sec. 6.** RCW 18.04.345 and 2016 c 127 s 5 are each amended to  
13 read as follows:

14 (1) Except when performing services as an employee or owner of a  
15 firm operating in accordance with RCW 18.04.350(15), no individual  
16 may assume or use the designation "certified public accountant-  
17 inactive" or "CPA-inactive" or any other title, designation, words,  
18 letters, abbreviation, sign, card, or device tending to indicate that  
19 the individual is a certified public accountant-inactive or CPA-  
20 inactive unless the individual holds a certificate. Individuals  
21 holding only a certificate may not practice public accounting.

22 (2) No individual may hold himself or herself out to the public  
23 or assume or use the designation "certified public accountant" or  
24 "CPA" or any other title, designation, words, letters, abbreviation,  
25 sign, card, or device tending to indicate that the individual is a  
26 certified public accountant or CPA unless the individual qualifies  
27 for the privileges authorized by RCW 18.04.350(2) or holds a license  
28 under RCW 18.04.105 and 18.04.215, or is providing compilation or  
29 attest services as an employee or owner of a firm operating in  
30 accordance with RCW 18.04.350(15).

31 (3) No firm with an office in this state may perform or offer to  
32 perform attest services as defined in RCW 18.04.025(1) or compilation  
33 services as defined in RCW 18.04.025(6) or assume or use the  
34 designation "certified public accountant" or "CPA" or any other  
35 title, designation, words, letters, abbreviation, sign, card, or  
36 device tending to indicate that the firm is composed of certified  
37 public accountants or CPAs, unless the firm is licensed under RCW  
38 18.04.195 and all offices of the firm in this state are maintained  
39 and registered under RCW 18.04.205. This subsection does not limit

1 the services permitted under RCW 18.04.350(10) by persons not  
2 required to be licensed under this chapter, nor does it prohibit  
3 compilation or attest services performed in accordance with RCW  
4 18.04.350(15).

5 (4) No firm may perform the services defined in RCW 18.04.025(1)  
6 in this state unless the firm is licensed under RCW 18.04.195, renews  
7 the firm license as required under RCW 18.04.215, and all offices of  
8 the firm in this state are maintained and registered under RCW  
9 18.04.205. This subsection does not prohibit services performed in  
10 accordance with RCW 18.04.350(15).

11 (5) Except when performing services as an employee or owner of a  
12 firm operating in accordance with RCW 18.04.350(15), no individual,  
13 partnership, limited liability company, or corporation offering  
14 public accounting services to the public may hold himself, herself,  
15 or itself out to the public, or assume or use along, or in connection  
16 with his, hers, or its name, or any other name the title or  
17 designation "certified accountant," "chartered accountant," "licensed  
18 accountant," "licensed public accountant," "public accountant," or  
19 any other title or designation likely to be confused with "certified  
20 public accountant" or any of the abbreviations "CA," "LA," "LPA," or  
21 "PA," or similar abbreviations likely to be confused with "CPA."

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

25 (7) Except when performing services as an employee or owner of a  
26 firm operating in accordance with RCW 18.04.350(15), no individual  
27 with an office in this state may sign, affix, or associate his or her  
28 name or any trade or assumed name used by the individual in his or  
29 her business to any report prescribed by professional standards  
30 unless the individual holds a license to practice under RCW 18.04.105  
31 and 18.04.215, a firm holds a license under RCW 18.04.195, and all of  
32 the individual's offices in this state are registered under RCW  
33 18.04.205.

34 (8) No individual licensed in another state may sign, affix, or  
35 associate a firm name to any report prescribed by professional  
36 standards, or associate a firm name in conjunction with the title  
37 certified public accountant, unless the individual:

38 (a) Qualifies for the practice privileges authorized by RCW  
39 18.04.350(2); ((~~or~~))

1 (b) Is licensed under RCW 18.04.105 and 18.04.215, and all of the  
2 individual's offices in this state are maintained and registered  
3 under RCW 18.04.205; or

4 (c) Is performing services as an employee or owner of a firm in  
5 accordance with the provisions of RCW 18.04.350(15).

6 (9) No individual, partnership, limited liability company, or  
7 corporation not holding a license to practice under RCW 18.04.105 and  
8 18.04.215, or firm not licensed under RCW 18.04.195 or firm not  
9 registering all of the firm's offices in this state under RCW  
10 18.04.205, or not qualified for the practice privileges authorized by  
11 RCW 18.04.350(2), or not operating in accordance with the provisions  
12 of RCW 18.04.350(15), may hold himself, herself, or itself out to the  
13 public as an "auditor" with or without any other description or  
14 designation by use of such word on any sign, card, letterhead, or in  
15 any advertisement or directory.

16 (10) For purposes of this section, because individuals practicing  
17 using practice privileges under RCW 18.04.350(2) are deemed  
18 substantially equivalent to licensees under RCW 18.04.105 and  
19 18.04.215, every word, term, or reference that includes the latter  
20 shall be deemed to include the former, provided the conditions of  
21 such practice privilege, as set forth in RCW 18.04.350 (4) and (5)  
22 are maintained.

23 (11) Notwithstanding anything to the contrary in this section, it  
24 is not a violation of this section for a firm that does not hold a  
25 valid license under RCW 18.04.195 and that does not have an office in  
26 this state to use the title "CPA" or "certified public accountant" as  
27 part of the firm's name and to provide its professional services in  
28 this state, and licensees and individuals with practice privileges  
29 may provide services on behalf of such firms so long as it complies  
30 with the requirements of RCW 18.04.195(1). An individual or firm  
31 authorized under this subsection to use practice privileges in this  
32 state must comply with the requirements otherwise applicable to  
33 licensees in this section.

34 NEW SECTION. **Sec. 7.** The amendments contained in sections 2  
35 through 6 of this act expire June 30, 2023.

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