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**SENATE BILL 5887**

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**State of Washington**

**68th Legislature**

**2024 Regular Session**

**By** Senators Stanford, Dozier, Conway, and Mullet

Prefiled 12/20/23. Read first time 01/08/24. Referred to Committee on Business, Financial Services, Gaming & Trade.

1 AN ACT Relating to modifying the public accountancy act; amending  
2 RCW 18.04.015, 18.04.025, 18.04.105, 18.04.180, 18.04.183, 18.04.195,  
3 18.04.205, 18.04.215, 18.04.295, 18.04.345, 18.04.350, 18.04.380,  
4 18.04.390, 18.04.405, and 18.04.430; and decodifying RCW 18.04.910  
5 and 18.04.911.

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

7 **Sec. 1.** RCW 18.04.015 and 2022 c 85 s 1 are each amended to read  
8 as follows:

9 ~~((1))~~ It is the policy of this state and the purpose of this  
10 chapter:

11 ~~((a))~~ (1) To promote the dependability of information which is  
12 used for guidance in financial transactions or for accounting for or  
13 assessing the status or performance of commercial and noncommercial  
14 enterprises, whether public, private or governmental; and

15 ~~((b))~~ (2) To protect the public interest by requiring that:

16 ~~((i))~~ (a) Persons who hold themselves out as licensees conduct  
17 themselves in a competent, ethical, and professional manner;

18 ~~((ii))~~ (b) A public authority be established that is competent  
19 to prescribe and assess the qualifications of certified public  
20 accountants;

1       ~~((iii))~~ (c) Persons other than licensees refrain from using the  
2 words "audit," "review," and "compilation" when designating a report  
3 customarily prepared by someone knowledgeable in accounting;

4       ~~((iv))~~ (d) A public authority be established to provide for  
5 consumer alerts and public protection information to be published  
6 regarding persons or firms who violate the provisions of chapter 294,  
7 Laws of 2001 or board rule and to provide general consumer protection  
8 information to the public; and

9       ~~((v))~~ (e) The use of accounting titles likely to confuse the  
10 public be prohibited. However as of June 30, 2024, an individual  
11 holding a CPA-inactive certificate must be designated as a licensee  
12 with an inactive status.

13       ~~((2) The purpose of chapter 294, Laws of 2001 is to make  
14 revisions to chapter 234, Laws of 1983 and chapter 103, Laws of 1992  
15 to: Fortify the public protection provisions of chapter 294, Laws of  
16 2001; establish one set of qualifications to be a licensee; revise  
17 the regulations of certified public accountants; make revisions in  
18 the ownership of certified public accounting firms; assure to the  
19 greatest extent possible that certified public accountants from  
20 Washington state are substantially equivalent with certified public  
21 accountants in other states and can therefore perform the duties of  
22 certified public accountants in as many states and countries as  
23 possible; assure certified public accountants from other states and  
24 countries have met qualifications that are substantially equivalent  
25 to the certified public accountant qualifications of this state; and  
26 clarify the authority of the board of accountancy with respect to the  
27 activities of persons holding licenses and certificates under this  
28 chapter. It is not the intent of chapter 294, Laws of 2001 to in any  
29 way restrict or limit the activities of persons not holding licenses  
30 or certificates under this chapter except as otherwise specifically  
31 restricted or limited by chapter 234, Laws of 1983 and chapter 103,  
32 Laws of 1992.~~

33       ~~(3) A purpose of chapter 103, Laws of 1992, revising provisions  
34 of chapter 234, Laws of 1983, is to clarify the authority of the  
35 board of accountancy with respect to the activities of persons  
36 holding certificates under this chapter. Furthermore, it is not the  
37 intent of chapter 103, Laws of 1992 to in any way restrict or limit  
38 the activities of persons not holding certificates under this chapter  
39 except as otherwise specifically restricted or limited by chapter  
40 234, Laws of 1983.)~~

1       **Sec. 2.** RCW 18.04.025 and 2022 c 85 s 2 are each amended to read  
2 as follows:

3       Unless the context clearly requires otherwise, the definitions in  
4 this section apply throughout this chapter.

5       (1) "Attest" means providing the following services:

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

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

11       (c) Any engagement to be performed in accordance with the  
12 statements on standards for attestation engagements; and

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

15       (2) "Board" means the board of accountancy created by RCW  
16 18.04.035.

17       (3) "Certificate" means an alternative license type issued by the  
18 board indicating that the certificate holder had passed the CPA  
19 examination, but has not verified the certificate holder's experience  
20 and was not fully licensed as a certified public accountant to  
21 practice public accounting. The board must allow renewal of  
22 certificates until June 30, 2024, at which time any then current and  
23 valid certificates automatically convert to a CPA license in an  
24 inactive status. As of July 1, 2024, board-issued certificates are no  
25 longer a recognized form of licensure.

26       (4) "Certified public accountant" or "CPA" means a person holding  
27 a certified public accountant license or certificate.

28       (5) "Compilation" means providing a service to be performed in  
29 accordance with statements on standards for accounting and review  
30 services that is presenting in the form of financial statements,  
31 information that is the representation of management (owners) without  
32 undertaking to express any assurance on the statements.

33       (6) "CPE" means continuing professional education.

34       (7) "Firm" or "CPA firm" means a sole proprietorship, a  
35 corporation, ~~((or))~~ a partnership, or any other form of organization  
36 issued a license under RCW 18.04.195. "Firm" or "CPA firm" also means  
37 a limited liability company formed under chapter 25.15 RCW.

38       (8) "Holding out" means any representation to the public by the  
39 use of restricted titles as set forth in RCW 18.04.345 by a person or  
40 firm that the person or firm holds a license under this chapter and

1 that the person or firm offers to perform any professional services  
2 to the public as a licensee. "Holding out" shall not affect or limit  
3 a person or firm not required to hold a license under this chapter  
4 from engaging in practices identified in RCW (~~18.04.350~~) 18.04.345.

5 (9) "Inactive" means the status of a license that is prohibited  
6 from practicing public accounting. A person holding an inactive  
7 license may apply to the board to return the license to an active  
8 status through an approval process established by the board.

9 (10) "Individual" means a living, human being.

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

13 (12) "Licensee" means the holder of a license to practice public  
14 accountancy issued under this chapter.

15 (13) "Manager" means a manager of a limited liability company  
16 licensed as a firm under this chapter.

17 (14) "NASBA" means the national association of state boards of  
18 accountancy.

19 (15) "Peer review" means a study, appraisal, or review of one or  
20 more aspects of the attest or compilation work of a licensee or  
21 licensed firm in the practice of public accountancy, by a person or  
22 persons who hold licenses and who are not affiliated with the person  
23 or firm being reviewed, including a peer review, or any internal  
24 review or inspection intended to comply with quality control policies  
25 and procedures, but not including a quality assurance review.

26 (16) "Person" means any individual, nongovernmental organization,  
27 or business entity regardless of legal form, including a sole  
28 proprietorship, firm, partnership, corporation, limited liability  
29 company, association, or not-for-profit organization, and including  
30 the sole proprietor, partners, members, and, as applied to  
31 corporations, the officers.

32 (17) "Practice of public accounting" means performing or offering  
33 to perform by a person or firm holding itself out to the public as a  
34 licensee, for a client or potential client, one or more kinds of  
35 services involving the use of accounting or auditing skills,  
36 including the issuance of "reports," or one or more kinds of  
37 management advisory, or consulting services, or the preparation of  
38 tax returns, or the furnishing of advice on tax matters. "Practice of  
39 public accounting" shall not include practices that are permitted

1 under the provisions of RCW (~~(18.04.350(10))~~) 18.04.345(9)(b) by  
2 persons or firms not required to be licensed under this chapter.

3 (18) "Practice privilege" means an authorization permitting the  
4 practice of public accounting in Washington under RCW 18.04.350.

5 (19) "Principal place of business" means the office location  
6 designated by the licensee for purposes of substantial equivalency  
7 and reciprocity.

8 (~~((19))~~) (20) "Quality assurance review" means a process  
9 established by and conducted at the direction of the board of study,  
10 appraisal, or review of one or more aspects of the attest or  
11 compilation work of a licensee or licensed firm in the practice of  
12 public accountancy, by a person or persons who hold licenses and who  
13 are not affiliated with the person or firm being reviewed.

14 (~~((20))~~) (21) "Report," when used with reference to any attest or  
15 compilation service, means an opinion, report, or other form of  
16 language that states or implies assurance as to the reliability of  
17 the attested information or compiled financial statements and that  
18 also includes or is accompanied by any statement or implication that  
19 the person or firm issuing it has special knowledge or competence in  
20 the practice of public accounting. Such a statement or implication of  
21 special knowledge or competence may arise from use by the issuer of  
22 the report of names or titles indicating that the person or firm is  
23 involved in the practice of public accounting, or from the language  
24 of the report itself. "Report" includes any form of language which  
25 disclaims an opinion when such form of language is conventionally  
26 understood to imply any positive assurance as to the reliability of  
27 the attested information or compiled financial statements referred to  
28 and/or special competence on the part of the person or firm issuing  
29 such language; and it includes any other form of language that is  
30 conventionally understood to imply such assurance and/or such special  
31 knowledge or competence. "Report" does not include services  
32 referenced in RCW (~~(18.04.350(10) or (11))~~) 18.04.345(9)(b) and (c)  
33 provided by persons not holding a license under this chapter as  
34 provided in RCW (~~(18.04.350(14))~~) 18.04.345(2)(b).

35 (~~((21))~~) (22) "Review committee" means any person carrying out,  
36 administering or overseeing a peer review authorized by the reviewee.

37 (~~((22))~~) (23) "Rule" means any rule adopted by the board under  
38 authority of this chapter.

39 (~~((23) "Sole proprietorship" means a legal form of organization~~  
40 ~~owned by one person meeting the requirements of RCW 18.04.195.)~~)

1 (24) "State" includes the states of the United States, the  
2 District of Columbia, Puerto Rico, Guam, the United States Virgin  
3 Islands, and the Commonwealth of the Northern Mariana Islands at such  
4 time as the board determines that the Commonwealth of the Northern  
5 Mariana Islands is issuing licenses under the (~~substantially~~  
6 ~~equivalent~~) substantial equivalency standards in RCW  
7 18.04.350(~~(+2)~~) (1)(a).

8 (25) "Substantial equivalency" (~~or "substantially equivalent"~~)  
9 means a determination by the board or its designee that the  
10 education, examination, and experience requirements contained in the  
11 statutes and administrative rules of another jurisdiction are  
12 comparable to or exceed the education, examination, and experience  
13 requirements contained in this chapter or that an individual CPA's  
14 education, examination, and experience qualifications are comparable  
15 to or exceed the education, examination, and experience requirements  
16 contained in this chapter. In ascertaining substantial equivalency  
17 (~~and substantially equivalent~~) as used in this chapter the board  
18 shall take into account the qualifications without regard to the  
19 sequence in which experience, education, or examination requirements  
20 were attained.

21 **Sec. 3.** RCW 18.04.105 and 2022 c 85 s 5 are each amended to read  
22 as follows:

23 (1) A license to practice public accounting shall be granted by  
24 the board to any person:

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

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

38 (c) Who has passed an examination;

1 (d) Who has (~~had one year of experience~~) met the experience  
2 requirements established by rule by the board as it deems  
3 appropriate, which is gained:

4 (i) Through the use of accounting, issuing reports, management  
5 advisory, financial advisory, tax, tax advisory, or consulting  
6 skills;

7 (ii) While employed in government, industry, academia, or public  
8 practice; and

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

12 (e) Who has paid appropriate application fees as established by  
13 rule by the board.

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

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

1 certified public accountant examination shall be used only for costs  
2 related to the examination.

3 (4) Individuals whose certificates are current and valid on June  
4 30, 2024, will automatically be converted to a licensee in an  
5 inactive status. To activate a license and become an active licensee,  
6 the individual must apply to the board to activate (~~his or her~~) the  
7 license and (~~must meet the following requirements~~):

8 (a) For applications to activate, the licensees must submit to  
9 the board documentation that they have gained one year of experience  
10 through the use of accounting, issuing reports, management advisory,  
11 financial advisory, tax, tax advisory, or consulting skills, without  
12 regard to the eight-year limitation set forth in (b) of this  
13 subsection, while employed in government, industry, academia, or  
14 public practice(~~(-)~~);

15 (b) For applications submitted to the board before January 1,  
16 2024, the individual must provide documentation to the board that  
17 they have one year of experience acquired within eight years prior to  
18 applying for a license through the use of accounting, issuing  
19 reports, management advisory, financial advisory, tax, tax advisory,  
20 or consulting skills in government, industry, academia, or public  
21 practice(~~(-)~~);

22 (c) Meet competency requirements in a manner as determined by the  
23 board to be appropriate and established by board rule(~~(-)~~);

24 (d) Submit to the board satisfactory proof of having completed an  
25 accumulation of one hundred twenty hours of CPE during the thirty-six  
26 months preceding the date of filing the petition(~~(-)~~);

27 (e) Pay the appropriate fees established by rule by the board.

28 (5) Individuals who did not hold a valid certificate on the  
29 conversion date of June 30, 2024, and who wish to apply for a license  
30 must apply as a new licensee and meet the requirements under  
31 subsection (1) of this section for initial licensure.

32 (6) (~~Any licensee~~) Licensees in good standing may request to  
33 have (~~his or her~~) their license placed on inactive status. All  
34 licensees in inactive status, including those who converted from  
35 certificate to a license, are subject to the following conditions:

36 (a) The licensee is prohibited from practicing public accounting;

37 (b) The licensee must pay a renewal fee to maintain this status;

38 (c) The licensee must comply with the applicable CPE  
39 requirements;



1 (d) The licensee is subject to the requirements of this chapter  
2 and the rules adopted by the board.

3 **Sec. 4.** RCW 18.04.180 and 2022 c 85 s 6 are each amended to read  
4 as follows:

5 (1) The board shall issue a license to a holder of a valid  
6 certificate(~~(/valid)~~) or license issued by another state that  
7 entitles the holder to practice public accountancy, provided that:

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

10 (b) The applicant meets the CPE requirements of RCW 18.04.215(4);

11 (c) The applicant meets the good character requirements of RCW  
12 18.04.105(1) (a); and

13 (d) The applicant passed the examination required for issuance of  
14 (~~(his or her)~~) a certificate or license with grades that would have  
15 been passing grades at that time in this state and meets all current  
16 requirements in this state for issuance of a license at the time  
17 application is made; or at the time of the issuance of the  
18 applicant's license in the other state, met all the requirements then  
19 applicable in this state; or has three years of experience within the  
20 five years immediately preceding application or had five years of  
21 experience within the ten years immediately preceding application in  
22 the practice of public accountancy that meets the requirements  
23 prescribed by the board.

24 (2) The board may accept NASBA's designation of the applicant as  
25 (~~(substantially equivalent)~~) having substantial equivalency to  
26 national standards as meeting the requirement of subsection (1)(d) of  
27 this section.

28 (3) A licensee who has been granted a license under the  
29 reciprocity provisions of this section shall notify the board within  
30 thirty days if the license or certificate issued in the other  
31 jurisdiction has lapsed or if the status of the license or  
32 certificate issued in the other jurisdiction becomes otherwise  
33 invalid.

34 **Sec. 5.** RCW 18.04.183 and 2001 c 294 s 9 are each amended to  
35 read as follows:

36 The board shall grant a license as a certified public accountant  
37 to a holder of a permit, license, or certificate issued by a foreign  
38 country's board, agency, or institute, provided that:

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

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

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

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

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

14 (c) Was issued upon the basis of educational, examination,  
15 experience, and ethical requirements (~~((substantially equivalent))~~)  
16 that have substantial equivalency currently or at the time of  
17 issuance of the foreign permit, license, or certificate to those in  
18 this state;

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

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

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

33 (7) The applicant has within the eight years prior to applying  
34 for a license under this section, demonstrated, in accordance with  
35 the rules issued by the board, (~~((one year of))~~) public accounting  
36 experience, within the foreign country where the foreign permit,  
37 license, or certificate was issued, equivalent to the experience  
38 required under RCW 18.04.105(1)(d) or such other experience or  
39 employment which the board in its discretion regards as  
40 (~~((substantially equivalent))~~) having substantial equivalency.

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

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

12 **Sec. 6.** RCW 18.04.195 and 2022 c 85 s 8 are each amended to read  
13 as follows:

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

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

18 (i) Any firm with an office in this state performing or offering  
19 to perform attest services as defined in RCW 18.04.025(1) or  
20 compilations as defined in RCW 18.04.025(5); or

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

24 (A) Complies with the qualifications described in subsection  
25 (~~((3)(e), (4)(a), or (5)(e))~~) (2)(a) of this section;

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

29 (C) Performs such services through an individual with practice  
30 privileges under RCW 18.04.350(~~((2))~~); and

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

33 (b) A firm that is not subject to the requirements of  
34 (~~subsection (1)~~) (a) of this subsection may perform compilation  
35 services described in RCW 18.04.025(5) and other nonattest  
36 professional services while using the title "CPA" or "CPA firm" in  
37 this state without a license issued under this section only if:

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

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

4 ~~(2) ((A sole proprietorship that performs or offers to perform  
5 attest or compilation services as defined in RCW 18.04.025 is  
6 required to obtain a license under subsection (1) of this section and  
7 shall license, as a firm, every three years with the board.~~

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

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

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

18 ~~(3)) A ((partnership)) CPA firm that performs or offers to  
19 perform attest or compilation services as defined in RCW 18.04.025 is  
20 required to obtain a license under subsection (1) of this section,  
21 shall license as a firm every three years with the board, and shall  
22 meet the following requirements:~~

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

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

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

38 ~~(d) The licensed firm must meet requirements established by rule  
39 by the board.~~

1       ~~(4) A corporation that performs or offers to perform attest or~~  
2 ~~compilation services as defined in RCW 18.04.025 is required to~~  
3 ~~obtain a license under subsection (1) of this section, shall license~~  
4 ~~as a firm every three years with the board, and shall meet the~~  
5 ~~following requirements:~~

6       ~~(a) At least a simple majority of the ownership of the licensed~~  
7 ~~firm in terms of financial interests and voting rights of all~~  
8 ~~shareholders or owners shall be held by persons who are licensees or~~  
9 ~~holders of a valid license issued under this chapter or by another~~  
10 ~~state and is principally employed by the corporation or actively~~  
11 ~~engaged in its business. The principal officer of the corporation and~~  
12 ~~any officer or director having authority over issuing reports shall~~  
13 ~~hold a license under this chapter or issued by another state;~~

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

19       ~~(c) Each resident individual in charge of an office located in~~  
20 ~~this state shall hold and renew a license under RCW 18.04.105 and~~  
21 ~~18.04.215;~~

22       ~~(d) A written agreement shall bind the corporation or its~~  
23 ~~shareholders to purchase any shares offered for sale by, or not under~~  
24 ~~the ownership or effective control of, a qualified shareholder, and~~  
25 ~~bind any holder not a qualified shareholder to sell the shares to the~~  
26 ~~corporation or its qualified shareholders. The agreement shall be~~  
27 ~~noted on each certificate of corporate stock. The corporation may~~  
28 ~~purchase any amount of its stock for this purpose, notwithstanding~~  
29 ~~any impairment of capital, as long as one share remains outstanding;~~

30       ~~(e) The corporation shall comply with any other rules pertaining~~  
31 ~~to corporations practicing public accounting in this state as the~~  
32 ~~board may prescribe; and~~

33       ~~(f) The licensed firm must meet requirements established by rule~~  
34 ~~by the board.~~

35       ~~(5) A limited liability company that performs or offers to~~  
36 ~~perform attest or compilation services as defined in RCW 18.04.025 is~~  
37 ~~required to obtain a license under subsection (1) of this section,~~  
38 ~~shall license as a firm every three years with the board, and shall~~  
39 ~~meet the following requirements:~~

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

6 ~~(b) Each resident manager or member in charge of an office~~  
7 ~~located in this state shall hold and renew a license under RCW~~  
8 ~~18.04.105 and 18.04.215;~~

9 ~~(c) At least a simple majority of the ownership of the licensed~~  
10 ~~firm in terms of financial interests and voting rights of all owners~~  
11 ~~shall be held by persons who are licensees or holders of a valid~~  
12 ~~license issued under this chapter or by another state. The principal~~  
13 ~~member or manager of the limited liability company and any member~~  
14 ~~having authority over issuing reports shall hold a license under this~~  
15 ~~chapter or issued by another state; and~~

16 ~~(d) The licensed firm must meet requirements established by rule~~  
17 ~~by the board.~~

18 ~~(6))~~ A simple majority of the ownership of the firm, in terms of  
19 financial interests and voting rights of all partners, officers,  
20 shareholders, members, or managers, shall hold and renew a license to  
21 practice under RCW 18.04.105 and 18.04.215, or be a licensee of  
22 another state who meets the requirements in RCW 18.04.350;

23 (b) All owners of a CPA firm, including nonlicensee owners, must  
24 comply with rules promulgated by the board;

25 (c) The principal member, manager, officer, or partner of a CPA  
26 firm having authority over issuing reports shall hold a license under  
27 this chapter or be a licensee of another state who meets the  
28 requirements in RCW 18.04.350; and

29 (d) Compliance with the requirements of RCW 18.04.205.

30 (3) Application for a license as a firm with an office in this  
31 state shall be made upon the affidavit of ((the proprietor or  
32 individual designated as managing partner, member, or shareholder for  
33 Washington. This individual shall hold)) an individual holding a  
34 license under RCW 18.04.215.

35 ~~((7))~~ (4) In the case of a firm licensed in another state and  
36 required to obtain a license under subsection (1)(a)((iii)) (ii) of  
37 this section, the application for the firm license shall be made upon  
38 the affidavit of an individual who qualifies for practice privileges  
39 in this state under RCW 18.04.350((2)) who has been authorized by

1 the applicant firm to make the application. The board shall determine  
2 in each case whether the applicant is eligible for a license.

3 ~~((+8))~~ (5) The board shall be given notification within ninety  
4 days after the admission or withdrawal of a partner, shareholder, or  
5 member engaged in this state in the practice of public accounting  
6 from any partnership, corporation, or limited liability company so  
7 licensed.

8 ~~((+9))~~ (6) Licensed firms that fall out of compliance with the  
9 provisions of this section due to changes in firm ownership, after  
10 receiving or renewing a license, shall notify the board in writing  
11 within ninety days of its falling out of compliance and propose a  
12 time period in which they will come back into compliance. The board  
13 may grant a reasonable period of time for a firm to be in compliance  
14 with the provisions of this section. Failure to bring the firm into  
15 compliance within a reasonable period of time, as determined by the  
16 board, may result in suspension, revocation, or imposition of  
17 conditions on the firm's license.

18 ~~((+10))~~ (7) Fees for the license as a firm and for notification  
19 of the board of the admission or withdrawal of a partner,  
20 shareholder, or member shall be determined by the board. Fees shall  
21 be paid by the firm at the time the license application form or  
22 notice of admission or withdrawal of a partner, shareholder, or  
23 member is filed with the board.

24 ~~((+11) Nonlicensee owners of licensed firms are)~~ (8) Any CPA  
25 firm licensed under this chapter may include nonlicensee owners  
26 provided that the nonlicensee owner is:

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

29 (b) Required to be an individual;

30 (c) Required to be of good character, as defined in RCW  
31 18.04.105(1)(a), and an active individual participant in the licensed  
32 firm or affiliated entities as these terms are defined by board rule;  
33 and

34 (d) Subject to discipline by the board for violation of this  
35 chapter.

36 ~~((+12))~~ (9) Resident nonlicensee owners of licensed firms are  
37 required to meet:

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

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

1       (~~(13)~~) (10)(a) Licensed firms must notify the board within  
2 thirty days after:

3       (i) Sanction, suspension, revocation, or modification of their  
4 professional license or practice rights by the securities exchange  
5 commission, internal revenue service, or another state board of  
6 accountancy;

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

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

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

23       **Sec. 7.** RCW 18.04.205 and 2019 c 71 s 4 are each amended to read  
24 as follows:

25       (1) Each office established or maintained in this state for the  
26 purpose of offering to issue or issuing reports in this state shall  
27 register with the board under this chapter every three years.

28       (2) (~~Each office~~) The practice of public accounting in each  
29 office of a CPA firm established or maintained in this state shall  
30 (~~be~~) take place under the direct supervision of a resident licensee  
31 holding a license under RCW 18.04.105 and 18.04.215, except that the  
32 supervisory requirements of this subsection shall not preclude a  
33 nonlicensee from being in charge of a CPA firm.

34       (3) The board shall by rule prescribe the procedure to be  
35 followed to register and maintain offices established in this state  
36 for the purpose of offering to issue or issuing attest or compilation  
37 reports.



1 (4) Fees for the registration of offices shall be determined by  
2 the board. Fees shall be paid by the applicant at the time the  
3 registration form is filed with the board.

4 **Sec. 8.** RCW 18.04.215 and 2022 c 85 s 10 are each amended to  
5 read as follows:

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

7 (a) To persons meeting the requirements of RCW 18.04.105(1),  
8 18.04.180, or 18.04.183.

9 (b) To firms under RCW 18.04.195, meeting the requirements of RCW  
10 18.04.205.

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

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

25 (4) The board shall adopt rules providing for CPE for active or  
26 inactive licensees and certificate holders. The rules shall:

27 (a) Provide that an active licensee shall verify to the board  
28 that (~~he or she~~) the licensee has completed at least an  
29 accumulation of one hundred twenty hours of CPE during the last  
30 three-year period to maintain the active license;

31 (b) Provide that an individual with an inactive license must  
32 verify to the board that (~~he or she~~) the inactive licensee has  
33 completed a board-approved ethics course for CPE during the last  
34 three-year period to maintain the inactive license;

35 (c) Establish CPE requirements; and

36 (d) Establish when new licensees shall verify that they have  
37 completed the required CPE.

38 (5) A certified public accountant who holds a license issued by  
39 another state, and applies for a license in this state, may practice

1 in this state from the date of filing a completed application with  
2 the board, until the board has acted upon the application provided  
3 the application is made prior to holding out as a certified public  
4 accountant in this state and no sanctions or investigations, deemed  
5 by the board to be pertinent to public accountancy, by other  
6 jurisdictions or agencies are in process.

7 (6) (a) A licensee shall submit to the board satisfactory proof of  
8 having completed an accumulation of one hundred twenty hours of CPE  
9 recognized and approved by the board during the preceding three  
10 years. Failure to furnish this evidence as required shall make the  
11 license lapse and subject to reinstatement procedures, unless the  
12 board determines the failure to have been due to retirement or  
13 reasonable cause.

14 (b) The board in its discretion may renew a license despite  
15 failure to furnish evidence of compliance with requirements of CPE  
16 upon condition that the applicant follow a particular program of CPE.  
17 In issuing rules and individual orders with respect to CPE  
18 requirements, the board, among other considerations, may rely upon  
19 guidelines and pronouncements of recognized educational and  
20 professional associations, may prescribe course content, duration,  
21 and organization, and may take into account the accessibility of CPE  
22 to licensees and instances of individual hardship.

23 (7) Fees for renewal or reinstatement of licenses in this state  
24 shall be determined by the board under this chapter. Fees shall be  
25 paid by the applicant at the time the application form is filed with  
26 the board. The board, by rule, may provide for proration of fees for  
27 licenses issued between normal renewal dates.

28 (8) (a) Licensees and nonlicensee owners must notify the board  
29 within thirty days after:

30 (i) Sanction, suspension, revocation, or modification of their  
31 professional license or practice rights by the securities exchange  
32 commission, internal revenue service, or another state board of  
33 accountancy;

34 (ii) Sanction or order against the licensee or nonlicensee owner  
35 by any federal or other state agency related to the licensee's  
36 practice of public accounting or the licensee's or nonlicensee  
37 owner's violation of ethical or technical standards established by  
38 board rule; or

39 (iii) The licensee or nonlicensee owner is notified that (~~he or~~  
40 ~~she has~~) they have been charged with a violation of law that could

1 result in the suspension or revocation of a license by a federal or  
2 other state agency, as identified by board rule, related to the  
3 licensee's or nonlicensee owner's professional license, practice  
4 rights, or violation of ethical or technical standards established by  
5 board rule.

6 (b) The board must adopt rules to implement this subsection and  
7 may also adopt rules specifying requirements for licensees and  
8 nonlicensee owners to report to the board sanctions or orders  
9 relating to the licensee's practice of public accounting or the  
10 licensee's or nonlicensee owner's violation of ethical or technical  
11 standards entered against the licensee or nonlicensee owner by a  
12 nongovernmental professionally related standard-setting entity.

13 **Sec. 9.** RCW 18.04.295 and 2022 c 85 s 11 are each amended to  
14 read as follows:

15 The board shall have the power to: Revoke, suspend, or refuse to  
16 issue, renew, or reinstate a license; impose a fine in an amount not  
17 to exceed thirty thousand dollars plus the board's investigative and  
18 legal costs in bringing charges against a certified public  
19 accountant, a licensee, a licensed firm, an applicant, a non-CPA  
20 violating the provisions of RCW 18.04.345, or a nonlicensee holding  
21 an ownership interest in a licensed firm; may impose full restitution  
22 to injured parties; may impose conditions precedent to renewal of a  
23 license; or may prohibit a nonlicensee from holding an ownership  
24 interest in a licensed firm, for any of the following causes:

25 (1) (~~Fraud~~) Dishonesty, fraud, or deceit in obtaining a  
26 license, or in any filings with the board;

27 (2) Dishonesty, fraud, or negligence while representing oneself  
28 as a nonlicensee owner holding an ownership interest in a licensed  
29 firm or a licensee;

30 (3) A violation of any provision of this chapter;

31 (4) A violation of a rule of professional conduct promulgated by  
32 the board under the authority granted by this chapter;

33 (5) Conviction of a crime or an act constituting a crime under:

34 (a) The laws of this state;

35 (b) The laws of another state, and which, if committed within  
36 this state, would have constituted a crime under the laws of this  
37 state; or

38 (c) Federal law;

1 (6) Cancellation, revocation, suspension, or refusal to renew the  
2 authority to practice as a certified public accountant by any other  
3 state for any cause other than failure to pay a fee or to meet the  
4 requirements of CPE in the other state;

5 (7) Suspension or revocation of the right to practice matters  
6 relating to public accounting before any state or federal agency;

7 For purposes of subsections (6) and (7) of this section, a  
8 certified copy of such revocation, suspension, or refusal to renew  
9 shall be prima facie evidence;

10 (8) Failure to maintain compliance with the requirements for  
11 issuance, renewal, or reinstatement of a license, or to report  
12 changes to the board;

13 (9) Failure to cooperate with the board by:

14 (a) Failure to furnish any papers or documents requested or  
15 ordered by the board;

16 (b) Failure to furnish in writing a full and complete explanation  
17 covering the matter contained in the complaint filed with the board  
18 or the inquiry of the board;

19 (c) Failure to respond to subpoenas issued by the board, whether  
20 or not the recipient of the subpoena is the accused in the  
21 proceeding;

22 (10) Failure by a nonlicensee owner of a licensed firm to comply  
23 with the requirements of this chapter or board rule; (~~and~~)

24 (11) Failure to comply with an order of the board;

25 (12) Performance of any fraudulent act while holding a license or  
26 privilege issued under this chapter; and

27 (13) Making any false or misleading statement or certification,  
28 in support of an application for a license filed by another.

29 **Sec. 10.** RCW 18.04.345 and 2022 c 85 s 15 are each amended to  
30 read as follows:

31 (1) (a) No individual may assume or use the designation "certified  
32 public accountant-inactive" or "CPA-inactive" or any other title,  
33 designation, words, letters, abbreviation, sign, card, or device  
34 tending to indicate that the individual is a certified public  
35 accountant-inactive or CPA-inactive unless the individual holds a  
36 license in an inactive status. Individuals holding only an inactive  
37 license may not practice public accounting.

38 (b) Nothing contained in this chapter prohibits any person who  
39 holds only a valid license in an inactive status from assuming or

1 using the designation "certified public accountant-inactive" or "CPA-  
2 inactive" or any other title, designation, words, letters, sign,  
3 card, or device tending to indicate the person is in an inactive  
4 status, provided, that such person does not perform or offer to  
5 perform for the public one or more kinds of services involving the  
6 use of accounting or auditing skills, including issuance of reports  
7 or of one or more kinds of management advisory, financial advisory,  
8 consulting services, the preparation of tax returns, or the  
9 furnishing of advice on tax matters.

10 (2) (a) No individuals may hold ((himself or herself)) themselves  
11 out to the public or assume or use the designation "certified public  
12 accountant" or "CPA" or any other title, designation, words, letters,  
13 abbreviation, sign, card, or device tending to indicate that the  
14 individual is a certified public accountant or CPA unless the  
15 individual qualifies for the privileges authorized by RCW  
16 18.04.350((+2)) or holds a license under RCW 18.04.105 and  
17 18.04.215.

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

30 (c) Nothing in this chapter prohibits any individual not holding  
31 a license and not qualified for the practice privileges authorized by  
32 RCW 18.04.350 from serving as an employee of a firm licensed under  
33 RCW 18.04.195 and 18.04.215. However, the employee shall not issue  
34 any report, as defined in this chapter, on the information of any  
35 other persons, firms, or governmental units over the employee's name.

36 (3) (a) No firm with an office in this state may perform or offer  
37 to perform attest services as defined in RCW 18.04.025(1) or  
38 compilation services as defined in RCW 18.04.025(5) unless the firm  
39 is licensed under RCW 18.04.195 and all offices of the firm in this  
40 state are maintained and registered under RCW 18.04.205. This

1 subsection does not limit the services permitted under ((RCW  
2 18.04.350(10))) subsection(9)(b) of this section by persons not  
3 required to be licensed under this chapter.

4 (b) Nothing in this subsection prohibits any act of or the use of  
5 any words by a public official or a public employee in the execution  
6 of their duties when performing services as described in RCW  
7 18.04.025 (1) and (5).

8 (4) (a) No firm may perform the services defined in RCW  
9 18.04.025(1) in this state unless the firm is licensed under RCW  
10 18.04.195, renews the firm license as required under RCW 18.04.215,  
11 and all offices of the firm in this state are maintained and  
12 registered under RCW 18.04.205.

13 (b) Nothing in this subsection prohibits any act of or the use of  
14 any words by a public official or a public employee in the execution  
15 of their duties when performing services as described in RCW  
16 18.04.025(1).

17 (5) No individuals, partnership, limited liability company, or  
18 corporation offering public accounting services to the public may  
19 hold ((~~himself, herself,~~)) themselves or itself out to the public, or  
20 assume or use along, or in connection with ((~~his, hers,~~)) their or  
21 its name, or any other name the title or designation "certified  
22 accountant," "chartered accountant," "licensed accountant," "licensed  
23 public accountant," "public accountant," or any other title or  
24 designation likely to be confused with "certified public accountant"  
25 or any of the abbreviations "CA," "LA," "LPA," or "PA," or similar  
26 abbreviations likely to be confused with "CPA."

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

30 (7) (a) No individual with an office in this state may sign,  
31 affix, or associate ((~~his or her~~)) the individual's name or any trade  
32 or assumed name used by the individual in ((~~his or her~~)) the person's  
33 business to any report prescribed by professional standards unless  
34 the individual holds a license to practice under RCW 18.04.105 and  
35 18.04.215, a firm holds a license under RCW 18.04.195, and all of the  
36 individual's offices in this state are registered under RCW  
37 18.04.205.

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

1 (i) From affixing the person's signature to any statement or  
2 report in reference to the affairs of the organization with any  
3 wording designating the position, title, or office which the  
4 individual holds in the organization; or

5 (ii) From using the position, title, or office held by the  
6 individual in such organization to describe the individual.

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

11 (a) Qualifies for the practice privileges authorized by RCW  
12 18.04.350(~~((2))~~); or

13 (b) Is licensed under RCW 18.04.105 and 18.04.215, and all of the  
14 individual's offices in this state are maintained and registered  
15 under RCW 18.04.205.

16 (9)(a) No individuals, partnership, limited liability company,  
17 (~~(( $\oplus$ ))) corporation, or firm not holding a license to practice under  
18 RCW 18.04.105 and 18.04.215, or firm not licensed under RCW 18.04.195  
19 or firm not registering all of the firm's offices in this state under  
20 RCW 18.04.205, or not qualified for the practice privileges  
21 authorized by RCW 18.04.350(~~((2))~~), may hold (~~((himself, herself,))~~)  
22 themselves or itself out to the public as an "auditor" with or  
23 without any other description or designation by use of such word on  
24 any sign, card, letterhead, or in any advertisement or directory.~~

25 (~~((10))~~) (b) Nothing in this chapter prohibits any person or firm  
26 composed of persons not holding a license under this chapter from  
27 offering or rendering to the public bookkeeping, accounting, tax  
28 services, the devising and installing of financial information  
29 systems, management advisory, or consulting services, the preparation  
30 of tax returns, or the furnishing of advice on tax matters, or  
31 similar services, provided that persons or firms not holding a  
32 license who offer or render these services do not designate any  
33 written statement as a report as defined in RCW 18.04.025 or use any  
34 language in any statement relating to the financial affairs of a  
35 person or entity which is conventionally used by licensees in reports  
36 or any attest service as defined in this chapter.

37 (c) Nothing in this chapter prohibits any person or firm composed  
38 of persons not holding a license under this chapter from offering or  
39 rendering to the public the preparation of financial statements, or  
40 written statements describing how such financial statements were

1 prepared, provided that persons or firms not holding a license who  
2 offer or render these services do not designate any written statement  
3 as a report as defined in RCW 18.04.025, do not issue any written  
4 statement that purports to express or disclaim an opinion on  
5 financial statements that have been audited, and do not issue any  
6 written statement that expresses assurance on financial statements  
7 that have been reviewed. The board may prescribe, by rule, language  
8 for the written statement describing how such financial statements  
9 were prepared for use by persons not holding a license under this  
10 chapter.

11 (d) Nothing in this subsection (9) prohibits any act of or the  
12 use of any words by a public official or a public employee in the  
13 performance of the person's duties as such.

14 (10)(a) Nothing in this chapter prohibits a licensee, a licensed  
15 firm, any of their employees, or persons qualifying for practice  
16 privileges under RCW 18.04.350 from disclosing any data in confidence  
17 to other certified public accountants, quality assurance or peer  
18 review teams, partnerships, limited liability companies, or  
19 corporations of certified public accountants or to the board or any  
20 of its employees while engaged in conducting quality assurance or  
21 peer reviews, or any one of their employees in connection with  
22 quality or peer reviews of that accountant's accounting and auditing  
23 practice conducted under the auspices of recognized professional  
24 associations.

25 (b) Nothing in this chapter prohibits a licensee, a licensed  
26 firm, any of their employees, or persons qualifying for practice  
27 privileges under RCW 18.04.350 from disclosing any data in confidence  
28 to any employee, representative, officer, or committee member of a  
29 recognized professional association, or to the board, or any of its  
30 employees or committees in connection with a professional  
31 investigation held under the auspices of recognized professional  
32 associations or the board.

33 (11) A licensee of this state offering or rendering services or  
34 using their CPA title in another state shall be subject to  
35 disciplinary action in this state for an act committed in another  
36 state for which the licensee would be subject to discipline for an  
37 act committed in the other state. Notwithstanding RCW 18.04.295 and  
38 this section, the board shall cooperate with and investigate any  
39 complaint made by the board of accountancy of another state or  
40 jurisdiction.



1        (12) For purposes of this section, because individuals practicing  
2 using practice privileges under RCW 18.04.350(~~(2)~~) are deemed  
3 (~~substantially equivalent~~) to have substantial equivalency to  
4 licensees under RCW 18.04.105 and 18.04.215, every word, term, or  
5 reference that includes the latter shall be deemed to include the  
6 former, provided the conditions of such practice privilege, as set  
7 forth in RCW 18.04.350 (~~(4)~~) (3) and (~~(5)~~) (4) are maintained.

8        (~~(11)~~) (13) Notwithstanding anything to the contrary in this  
9 section, it is not a violation of this section for a firm that does  
10 not hold a valid license under RCW 18.04.195 and that does not have  
11 an office in this state to use the title "CPA" or "certified public  
12 accountant" as part of the firm's name and to provide its  
13 professional services in this state, and licensees and individuals  
14 with practice privileges may provide services on behalf of such firms  
15 so long as it complies with the requirements of RCW 18.04.195(1). An  
16 individual or firm authorized under this subsection to use practice  
17 privileges in this state must comply with the requirements otherwise  
18 applicable to licensees in this section.

19        **Sec. 11.** RCW 18.04.350 and 2022 c 85 s 17 are each amended to  
20 read as follows:

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

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

34        (a) Holds a valid license or certificate as a certified public  
35 accountant from any state or jurisdiction of the United States that  
36 requires, as a condition of licensure, that an individual(~~+~~

37        (~~i~~) ~~Have at least one hundred fifty semester hours of college or~~  
38 ~~university education including a baccalaureate or higher degree~~  
39 ~~conferred by a college or university;~~

1 ~~(ii) Achieve a passing grade on the uniform certified public~~  
2 ~~accountant examination; and~~

3 ~~(iii) Possess at least one year of experience including service~~  
4 ~~or advice involving the use of accounting, attest, compilation,~~  
5 ~~management advisory, financial advisory, tax, or consulting skills,~~  
6 ~~all of which was verified by a licensee)) meets requirements which~~  
7 ~~have substantial equivalency to those requirements set forth by the~~  
8 ~~board for licensees of this state; or~~

9 (b) Holds a valid license or certificate as a certified public  
10 accountant from any state (~~that does not meet the requirements of~~  
11 ~~(a) of this subsection, but such individual's qualifications are~~  
12 ~~substantially equivalent to those requirements)) or jurisdiction of~~  
13 ~~the United States whose licensing requirements do not meet the~~  
14 ~~requirements of (a) of this subsection, but the individual's~~  
15 ~~qualifications have substantial equivalency to the requirements of~~  
16 ~~this state.~~ Any individual who passed the uniform certified public  
17 accountant examination and holds a valid license issued by any other  
18 state prior to January 1, 2012, may be exempt from the education  
19 requirements in (a) (~~(i)~~) of this subsection for purposes of this  
20 section.

21 (~~(3)~~) (2) Notwithstanding any other provision of law, an  
22 individual who qualifies for the practice privilege under  
23 (~~subsection (2) of~~) this section may offer or render professional  
24 services, whether in person or by mail, telephone, or electronic  
25 means, and no notice, fee, or other submission shall be provided by  
26 any such individual. Such an individual shall be subject to the  
27 requirements of subsection (~~(4)~~) (3) of this section.

28 (~~(4)~~) (3) Any individual licensee of another state exercising  
29 the privilege afforded under (~~subsection (2) of~~) this section and  
30 the firm that employs that licensee simultaneously consent, as a  
31 condition of exercising this privilege:

32 (a) To the personal and subject matter jurisdiction and  
33 disciplinary authority of the board;

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

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

39 (d) To the appointment of the state board which issued the  
40 certificate or license as their agent upon whom process may be served

1 in any action or proceeding by this state's board against the  
2 certificate holder or licensee.

3 ~~((5))~~ (4) An individual who qualifies for practice privileges  
4 under ~~((subsection (2) of))~~ this section who performs any attest  
5 service described in RCW 18.04.025(1) may only do so through a firm  
6 which has obtained a license under RCW 18.04.195 and 18.04.215 or  
7 which meets the requirements for an exception from the firm licensure  
8 requirements under RCW 18.04.195(1) (a) (ii) or (b).

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

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

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

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

37 ~~(a) From affixing his or her signature to any statement or report  
38 in reference to the affairs of the organization with any wording  
39 designating the position, title, or office which he or she holds in  
40 the 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~~  
4 ~~composed of persons not holding a license under this chapter from~~  
5 ~~offering or rendering to the public bookkeeping, accounting, tax~~  
6 ~~services, the devising and installing of financial information~~  
7 ~~systems, management advisory, or consulting services, the preparation~~  
8 ~~of tax returns, or the furnishing of advice on tax matters, or~~  
9 ~~similar services, provided that persons, partnerships, limited~~  
10 ~~liability companies, or corporations not holding a license who offer~~  
11 ~~or render these services do not designate any written statement as a~~  
12 ~~report as defined in RCW 18.04.025(20) or use any language in any~~  
13 ~~statement relating to the financial affairs of a person or entity~~  
14 ~~which is conventionally used by licensees in reports or any attest~~  
15 ~~service as defined in this chapter.~~

16       ~~(11) Nothing in this chapter prohibits any person or firm~~  
17 ~~composed of persons not holding a license under this chapter from~~  
18 ~~offering or rendering to the public the preparation of financial~~  
19 ~~statements, or written statements describing how such financial~~  
20 ~~statements were prepared, provided that persons, partnerships,~~  
21 ~~limited liability companies, or corporations not holding a license~~  
22 ~~who offer or render these services do not designate any written~~  
23 ~~statement as a report as defined in RCW 18.04.025(20), do not issue~~  
24 ~~any written statement that purports to express or disclaim an opinion~~  
25 ~~on financial statements that have been audited, and do not issue any~~  
26 ~~written statement that expresses assurance on financial statements~~  
27 ~~that have been reviewed. The board may prescribe, by rule, language~~  
28 ~~for the written statement describing how such financial statements~~  
29 ~~were prepared for use by persons not holding a license under this~~  
30 ~~chapter.~~

31       ~~(12) Nothing in this chapter prohibits any act of or the use of~~  
32 ~~any words by a public official or a public employee in the~~  
33 ~~performance of his or her duties.~~

34       ~~(13) Nothing contained in this chapter prohibits any person who~~  
35 ~~holds only a valid license in an inactive status from assuming or~~  
36 ~~using the designation "certified public accountant-inactive" or "CPA-~~  
37 ~~inactive" or any other title, designation, words, letters, sign,~~  
38 ~~card, or device tending to indicate the person is in an inactive~~  
39 ~~status, provided, that such person does not perform or offer to~~  
40 ~~perform for the public one or more kinds of services involving the~~

1 use of accounting or auditing skills, including issuance of reports  
2 or of one or more kinds of management advisory, financial advisory,  
3 consulting services, the preparation of tax returns, or the  
4 furnishing of advice on tax matters.

5 ~~(14) Nothing in this chapter prohibits the use of the title  
6 "accountant" by any person regardless of whether the person holds a  
7 license under this chapter. Nothing in this chapter prohibits the use  
8 of the title "enrolled agent" or the designation "EA" by any person  
9 regardless of whether the person holds a license under this chapter  
10 if the person is properly authorized at the time of use to use the  
11 title or designation by the United States department of the treasury.  
12 The board shall by rule allow the use of other titles by any person  
13 regardless of whether the person holds a license under this chapter  
14 if the person using the titles or designations is authorized at the  
15 time of use by a nationally recognized entity sanctioning the use of~~

16 ~~board authorized titles.))~~ (5) An individual who qualifies for  
17 practice privileges under this section who performs services for  
18 which a firm license is required under RCW 18.04.195 and 18.04.215,  
19 shall not be required to obtain licensure under RCW 18.04.105 and  
20 18.04.215.

21 **Sec. 12.** RCW 18.04.380 and 2001 c 294 s 20 are each amended to  
22 read as follows:

23 (1) The display or presentation by a person of a card, sign,  
24 advertisement, or other printed, engraved, or written instrument or  
25 device, bearing a person's name in conjunction with the words  
26 "certified public accountant" or any abbreviation thereof shall be  
27 prima facie evidence in any action brought under this chapter that  
28 the person whose name is so displayed, caused or procured the display  
29 or presentation of the card, sign, advertisement, or other printed,  
30 engraved, or written instrument or device, and that the person is  
31 holding ~~((himself or herself))~~ themselves out to be a licensee, a  
32 certified public accountant, or a person holding a certificate under  
33 this chapter.

34 (2) The display or presentation by a person of a card, sign,  
35 advertisement, or other printed, engraved, or written instrument or  
36 device, bearing a person's name in conjunction with the words  
37 certified public accountant-inactive or any abbreviation thereof is  
38 prima facie evidence in any action brought under this chapter that  
39 the person whose name is so displayed caused or procured the display

1 or presentation of the card, sign, advertisement, or other printed,  
2 engraved, or written instrument or device, and that the person is  
3 holding (~~himself or herself~~) themselves out to be a certified public  
4 accountant-inactive under this chapter.

5 (3) In any action under subsection (1) or (2) of this section,  
6 evidence of the commission of a single act prohibited by this chapter  
7 is sufficient to justify an injunction or a conviction without  
8 evidence of a general course of conduct.

9 **Sec. 13.** RCW 18.04.390 and 2003 c 290 s 4 are each amended to  
10 read as follows:

11 (1) In the absence of an express agreement between the licensee  
12 or licensed firm and the client to the contrary, all statements,  
13 records, schedules, working papers, and memoranda made by a licensee  
14 or licensed firm incident to or in the course of professional service  
15 to clients, except reports submitted by a licensee or licensed firm,  
16 are the property of the licensee or licensed firm.

17 (2) No statement, record, schedule, working paper, or memorandum  
18 may be sold, transferred, or bequeathed without the consent of the  
19 client or (~~his or her~~) the client's personal representative or  
20 assignee, to anyone other than one or more surviving partners,  
21 members, managers, shareholders, or new partners, members, managers,  
22 or (~~new~~) shareholders of the licensee, partnership, limited  
23 liability company, or corporation, or any combined or merged  
24 partnership, limited liability company, or corporation, or successor  
25 in interest.

26 (3) A licensee shall furnish to the board or to (~~his or her~~)  
27 the licensee's client or former client, upon request and reasonable  
28 notice:

29 (a) A copy of the licensee's working papers or electronic  
30 documents, to the extent that such working papers or electronic  
31 documents include records that would ordinarily constitute part of  
32 the client's records and are not otherwise available to the client;  
33 and

34 (b) Any accounting or other records belonging to, or obtained  
35 from or on behalf of, the client that the licensee removed from the  
36 client's premises or received for the client's account; the licensee  
37 may make and retain copies of such documents of the client when they  
38 form the basis for work done by (~~him or her~~) the licensee.

1 (4) (a) For a period of seven years after the end of the fiscal  
2 period in which a licensed firm concludes an audit or review of a  
3 client's financial statements, the licensed firm must retain records  
4 relevant to the audit or review, as determined by board rule.

5 (b) The board must adopt rules to implement this subsection,  
6 including rules relating to working papers and document retention.

7 (5) Nothing in this section should be construed as prohibiting  
8 any temporary transfer of workpapers or other material necessary in  
9 the course of carrying out peer reviews or as otherwise interfering  
10 with the disclosure of information pursuant to RCW 18.04.405.

11 **Sec. 14.** RCW 18.04.405 and 2022 c 85 s 19 are each amended to  
12 read as follows:

13 (1) A licensee or licensed firm, or any of their employees shall  
14 not disclose any confidential information obtained in the course of a  
15 professional transaction except with the consent of the client or  
16 former client or as disclosure may be required by law, legal process,  
17 the standards of the profession, or as disclosure of confidential  
18 information is permitted by RCW (~~(18.04.350 (7) and (8))~~)  
19 18.04.345(10) (a) and (b), 18.04.295(9), 18.04.390, and this section  
20 in connection with quality assurance, or peer reviews,  
21 investigations, and any proceeding under chapter 34.05 RCW.

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

33 (3) The proceedings, records, and work papers of a review  
34 committee shall be privileged and shall not be subject to discovery,  
35 subpoena, or other means of legal process or introduction into  
36 evidence in any civil action, arbitration, administrative proceeding,  
37 or board proceeding and no member of the review committee or person  
38 who was involved in the peer review process shall be permitted or  
39 required to testify in any such civil action, arbitration,

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

10 **Sec. 15.** RCW 18.04.430 and 2022 c 85 s 20 are each amended to  
11 read as follows:

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

21 NEW SECTION. **Sec. 16.** The following sections are decodified:

- 22 (1) RCW 18.04.910 (Effective date—1983 c 234); and  
23 (2) RCW 18.04.911 (Effective date—1986 c 295).

24 NEW SECTION. **Sec. 17.** If any provision of this act or its  
25 application to any person or circumstance is held invalid, the  
26 remainder of the act or the application of the provision to other  
27 persons or circumstances is not affected.

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