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**SUBSTITUTE SENATE BILL 6604**

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**State of Washington**

**60th Legislature**

**2008 Regular Session**

**By** Senate Labor, Commerce, Research & Development (originally sponsored by Senators Murray, Holmquist, Kohl-Welles, Prentice, King, and Marr)

READ FIRST TIME 02/07/08.

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

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

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

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

1 Washington state board of accountancy of intent to practice and pay a  
2 fee; however, firms providing audit or opinion-type services would be  
3 required to be licensed in this state. The requirement for  
4 notification will be replaced with "consent to automatic jurisdiction,"  
5 which clarifies the legal disciplinary authority of the Washington  
6 state board of accountancy over out-of-state certified public  
7 accountants practicing in Washington state. This allows the board to  
8 more efficiently protect consumers while facilitating practice mobility  
9 and consumer choice.

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

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

14 (1) "Board" means the board of accountancy created by RCW  
15 18.04.035.

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

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

22 (4) "State" includes the states of the United States, the District  
23 of Columbia, Puerto Rico, Guam, (~~and~~) the United States Virgin  
24 Islands, and the Commonwealth of the Northern Mariana Islands at such  
25 time as the board determines that the Commonwealth of the Northern  
26 Mariana Islands is issuing licenses under the substantially equivalent  
27 standards in RCW 18.04.350(2)(a).

28 (5) "Reports on financial statements" means any reports or opinions  
29 prepared by licensees or persons holding practice privileges under  
30 substantial equivalency, based on services performed in accordance with  
31 generally accepted auditing standards, standards for attestation  
32 engagements, or standards for accounting and review services as to  
33 whether the presentation of information used for guidance in financial  
34 transactions or for accounting for or assessing the status or  
35 performance of commercial and noncommercial enterprises, whether  
36 public, private, or governmental, conforms with generally accepted  
37 accounting principles or (~~either~~) another comprehensive (~~bases~~)

1 basis of accounting. "Reports on financial statements" does not  
2 include services referenced in RCW 18.04.350(~~(+6+)~~) (10) provided by  
3 persons not holding a license under this chapter.

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

15 (7) "Firm" means a sole proprietorship, a corporation, or a  
16 partnership. "Firm" also means a limited liability company formed  
17 under chapter 25.15 RCW.

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

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

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

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

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

29 (13) "NASBA" means the national association of state boards of  
30 accountancy.

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

37 (15) "Peer review" means a study, appraisal, or review of one or  
38 more aspects of the attest or compilation work of a licensee or

1 licensed firm in the practice of public accountancy, by a person or  
2 persons who hold licenses and who are not affiliated with the person or  
3 firm being reviewed, including a peer review, or any internal review or  
4 inspection intended to comply with quality control policies and  
5 procedures, but not including the "quality assurance review" under  
6 subsection (14) of this section.

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

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

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

18 (19) (~~"Natural person"~~) "Individual" means a living, human being.

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

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

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

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

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

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

36 (22) "Compilation" means providing a service to be performed in  
37 accordance with statements on standards for accounting and review

1 services that is presenting in the form of financial statements,  
2 information that is the representation of management (owners) without  
3 undertaking to express any assurance on the statements.

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

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

12 (25) "Principal place of business" means the office location  
13 designated by the licensee for purposes of substantial equivalency and  
14 reciprocity.

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

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

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

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

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

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

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

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

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

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; and

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

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

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

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

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

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

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

33 (b) Each resident (~~person~~) individual in charge of an office in  
34 this state shall hold and renew a license to practice under RCW  
35 18.04.105 and 18.04.215;

36 (c) At least a simple majority of the ownership of the licensed  
37 firm in terms of financial interests and voting rights of all partners  
38 or owners shall be held by (~~natural~~) persons who are licensees or

1 holders of a valid license issued under this chapter or by another  
2 state (~~that entitles the holder to practice public accounting in this~~  
3 ~~state~~)). The principal partner of the partnership and any partner  
4 having authority over issuing reports on financial statements shall  
5 hold a license under this chapter or issued by another state (~~that~~  
6 ~~entitles the holder to practice public accounting in this state~~); and

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

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

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

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

31 (c) Each resident (~~person~~) individual in charge of an office  
32 located in this state shall hold and renew a license under RCW  
33 18.04.105 and 18.04.215;

34 (d) A written agreement shall bind the corporation or its  
35 shareholders to purchase any shares offered for sale by, or not under  
36 the ownership or effective control of, a qualified shareholder, and  
37 bind any holder not a qualified shareholder to sell the shares to the  
38 corporation or its qualified shareholders. The agreement shall be

1 noted on each certificate of corporate stock. The corporation may  
2 purchase any amount of its stock for this purpose, notwithstanding any  
3 impairment of capital, as long as one share remains outstanding;

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

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

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

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

20 (b) Each resident manager or member in charge of an office located  
21 in this state shall hold and renew a license under RCW 18.04.105 and  
22 18.04.215;

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

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

35 ~~((5))~~ (6) Application for a license as a firm with an office in  
36 this state shall be made upon the affidavit of the proprietor or  
37 ~~((person))~~ individual designated as managing partner, member, or



1 shareholder for Washington. This (~~person~~) individual shall hold a  
2 license under RCW 18.04.215.

3 (7) In the case of a firm licensed in another state and required to  
4 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 an  
6 individual who qualifies for practice privileges in this state under  
7 RCW 18.04.350(2) who has been authorized by the applicant firm to make  
8 the application. The board shall determine in each case whether the  
9 applicant is eligible for a license. (~~A partnership, corporation, or~~  
10 ~~limited liability company which is licensed to practice under RCW~~  
11 ~~18.04.215 may use the designation "certified public accountants" or~~  
12 ~~"CPAs" in connection with its partnership, limited liability company,~~  
13 ~~or corporate name.))~~

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

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

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

34 (~~(8)~~) (11) Nonlicensee owners of licensed firms are:

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

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

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

4 (d) Subject to discipline by the board for violation of this  
5 chapter.

6 (~~(9)~~) (12) Resident nonlicensee owners of licensed firms are  
7 required to meet:

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

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

11 (~~(10)~~) (13)(a) Licensed firms must notify the board within thirty  
12 days after:

13 (i) Sanction, suspension, revocation, or modification of their  
14 professional license or practice rights by the securities exchange  
15 commission, internal revenue service, or another state board of  
16 accountancy;

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

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

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

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

35 (1) Each office established or maintained in this state for the  
36 purpose of offering to issue or issuing attest or compilation reports

1 ((~~on financial statements~~)) in this state or that uses the title  
2 "certified public accountant" or "CPA," shall register with the board  
3 under this chapter every three years.

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

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

12 (4) Fees for the registration of offices shall be determined by the  
13 board. Fees shall be paid by the applicant at the time the  
14 registration form is filed with the board.

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

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

24 (2) No ((~~person~~)) individual may hold himself or herself out to the  
25 public or assume or use the designation "certified public accountant"  
26 or "CPA" or any other title, designation, words, letters, abbreviation,  
27 sign, card, or device tending to indicate that the ((~~person~~))  
28 individual is a certified public accountant or CPA unless the  
29 ((~~person~~)) individual qualifies for the privileges authorized by RCW  
30 18.04.350(2) or holds a license under RCW 18.04.105 and 18.04.215.

31 (3) No firm ((~~may hold itself out to the public as offering to~~  
32 ~~issue or issuing reports on financial statements,~~)) with an office in  
33 this state may practice public accounting in this state or assume or  
34 use the designation "certified public accountant" or "CPA" or any other  
35 title, designation, words, letters, abbreviation, sign, card, or device  
36 tending to indicate that the firm is composed of certified public

1 accountants or CPAs, unless the firm is licensed under RCW 18.04.195  
2 and all offices of the firm in this state are maintained and registered  
3 under RCW 18.04.205.

4 (4) No firm may perform the services defined in RCW 18.04.025(21)  
5 (a), (c), or (d) for a client with its home office in this state unless  
6 the firm is licensed under RCW 18.04.195, renews the firm license as  
7 required under RCW 18.04.215, and all offices of the firm in this state  
8 are maintained and registered under RCW 18.04.205.

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

19 ((+5)) (6) No licensed firm may operate under an alias, a firm  
20 name, title, or "DBA" that differs from the firm name that is  
21 registered with the board.

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

31 ((+7)) (8) No ((person)) individual licensed in another state may  
32 sign, affix, or associate a firm name to any report ((designated as an  
33 "audit," "review," or "compilation," unless the firm)) prescribed by  
34 professional standards, or associate a firm name in conjunction with  
35 the title certified public accountant, unless the individual:

36 (a) Qualifies for the practice privileges authorized by RCW  
37 18.04.350(2); or

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

4       (~~(8)~~) **(9)** No (~~person~~) individual, partnership, limited  
5 liability company, or corporation not holding a license to practice  
6 under RCW 18.04.105 and 18.04.215, or firm not licensed under RCW  
7 18.04.195 or firm not registering all of the firm's offices in this  
8 state under RCW 18.04.205, or not qualified for the practice privileges  
9 authorized by RCW 18.04.350(2), may hold himself, herself, or itself  
10 out to the public as an "auditor" with or without any other description  
11 or designation by use of such word on any sign, card, letterhead, or in  
12 any advertisement or directory.

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

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

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

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

34       **(2)**(~~(a)~~) An individual(~~(7)~~) whose principal place of business is  
35 not in this state(~~(7 who has a valid certificate or license as a~~  
36 ~~certified public accountant from another state, and (i) whose state of~~  
37 ~~licensure has education, examination, and experience requirements that~~

1 ~~are deemed by the board to be substantially equivalent to this state's~~  
2 ~~requirements or (ii) who, as an individual, has education, examination,~~  
3 ~~and experience that are deemed by the board to be)) shall be presumed~~  
4 ~~to have qualifications~~ substantially equivalent to this state's  
5 requirements ~~and shall have all the privileges of ((license holders))~~  
6 licensees of this state without the need to obtain a license under RCW  
7 18.04.105 ~~((or 18.04.195. However, such individuals shall notify the~~  
8 ~~board, under such circumstances and in such manner as the board~~  
9 ~~determines by rule, of their intent to enter the state under this~~  
10 ~~section. The board shall have the authority to establish a fee for the~~  
11 ~~practice privilege granted under this section by rule.)) if the~~  
12 individual:

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

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

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

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

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

1 individual who passed the uniform certified public accountant  
2 examination and holds a valid license issued by any other state prior  
3 to January 1, 2012, may be exempt from the education requirements in  
4 (a)(i) of this subsection for purposes of this section.

5 (3) Notwithstanding any other provision of law, an individual who  
6 qualifies for the practice privilege under subsection (2) of this  
7 section may offer or render professional services, whether in person or  
8 by mail, telephone, or electronic means, and no notice, fee, or other  
9 submission shall be provided by any such individual. Such an  
10 individual shall be subject to the requirements of subsection (4) of  
11 this section.

12 ~~((c))~~ (4) Any ~~((certificate or license holder))~~ individual  
13 licensee of another state exercising the privilege afforded under  
14 subsection (2) of this section and the firm that employs that licensee  
15 simultaneously consent~~((s))~~, as a condition of ~~((the grant of))~~  
16 exercising this privilege:

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

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

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

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

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

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

34 (b) Any examination of prospective financial information to be  
35 performed in accordance with statements on standards for attestation  
36 engagements; or

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

1       (6) A licensee of this state offering or rendering services or  
2 using their (~~certified public accountant~~) CPA title in another state  
3 shall be subject to disciplinary action in this state for an act  
4 committed in another state for which the (~~certificate or permit~~  
5 ~~holder~~) licensee would be subject to discipline for an act committed  
6 in the other state (~~provided the board receives timely notification of~~  
7 ~~the act~~). Notwithstanding RCW 18.04.295 and this section, the board  
8 (~~may~~) shall cooperate with and investigate any complaint made by the  
9 board of accountancy of another state or jurisdiction.

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

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

28       (~~(5)~~) (9) Nothing in this chapter prohibits any officer,  
29 employee, partner, or principal of any organization:

30       (a) From affixing his or her signature to any statement or report  
31 in reference to the affairs of the organization with any wording  
32 designating the position, title, or office which he or she holds in the  
33 organization; or

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

36       (~~(6)~~) (10) Nothing in this chapter prohibits any person or firm  
37 composed of persons not holding a license under (~~RCW 18.04.215~~) this  
38 chapter from offering or rendering to the public bookkeeping,



1 accounting, tax services, the devising and installing of financial  
2 information systems, management advisory, or consulting services, the  
3 preparation of tax returns, or the furnishing of advice on tax matters,  
4 the preparation of financial statements, written statements describing  
5 how such financial statements were prepared, or similar services,  
6 provided that persons, partnerships, limited liability companies, or  
7 corporations not holding a license (~~under RCW 18.04.215~~) who offer or  
8 render these services do not designate any written statement as an  
9 "audit report," "review report," or "compilation report," do not issue  
10 any written statement which purports to express or disclaim an opinion  
11 on financial statements which have been audited, and do not issue any  
12 written statement which expresses assurance on financial statements  
13 which have been reviewed.

14 ~~((7))~~ (11) Nothing in this chapter prohibits any act of or the  
15 use of any words by a public official or a public employee in the  
16 performance of his or her duties.

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

28 ~~((9))~~ (13) Nothing in this chapter prohibits the use of the title  
29 "accountant" by any person regardless of whether the person has been  
30 granted a certificate or holds a license under this chapter. Nothing  
31 in this chapter prohibits the use of the title "enrolled agent" or the  
32 designation "EA" by any person regardless of whether the person has  
33 been granted a certificate or holds a license under this chapter if the  
34 person is properly authorized at the time of use to use the title or  
35 designation by the United States department of the treasury. The board  
36 shall by rule allow the use of other titles by any person regardless of  
37 whether the person has been granted a certificate or holds a license

1 under this chapter if the person using the titles or designations is  
2 authorized at the time of use by a nationally recognized entity  
3 sanctioning the use of board authorized titles.

4 NEW SECTION. **Sec. 7.** The code reviser shall alphabetize and  
5 renumber the definitions in RCW 18.04.025 and correct any references.

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