

# HOUSE BILL REPORT

## SB 5628

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### As Passed House - Amended:

April 7, 1999

**Title:** An act relating to uniform continuing professional education requirement and licensing requirements for certified public accountants.

**Brief Description:** Modifying license duration and continuing education requirements for accountants.

**Sponsors:** Senators Gardner, Heavey, Shin, Prentice, Winsley and T. Sheldon.

### Brief History:

#### Committee Activity:

Commerce & Labor: 3/24/99, 3/29/99 [DPA].

#### Floor Activity:

Passed House - Amended: 4/7/99, 90-0.

### Brief Summary of Bill

(As Amended by House Committee)

- The continuing education requirements for accountants are modified from 80 hours of education every two years to 120 hours every three years.
- Increases the time-span an accountancy license is valid from two years to three years.

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## HOUSE COMMITTEE ON COMMERCE & LABOR

**Majority Report:** Do pass as amended. Signed by 8 members: Representatives Clements, Republican Co-Chair; Conway, Democratic Co-Chair; B. Chandler, Republican Vice Chair; Wood, Democratic Vice Chair; Hurst; Lisk; McIntire and McMorris.

**Staff:** Douglas Ruth (786-7134).

### Background:

Persons wishing to become certified public accountants (CPA's) must meet statutorily prescribed criteria. Certificates of CPA's are renewed on a biennial basis with renewal subject to completion of 80 hours of continuing education during the preceding two year period.

CPA's wishing to engage in the business of accounting as a firm, partnership or corporation must obtain a license. To qualify for, or renew a license, an accountant must meet several statutory criteria. If an applicant's certificate is more than four years old, the applicant must show that the accountant has met the continuing education requirement of 80 hours of education during the past two years. Licenses must be renewed biennially.

Similarly, people that have been issued an accounting license or certificate by a foreign country must complete 80 hours of education two years prior to applying for a Washington certificate.

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**Summary of Amended Bill:**

Accountants renewing their certificate, applying for a license with a certificate more than four years old, and foreign accountants applying for a Washington certificate, must complete 120 hours of education within three years, rather than 80 hours in two years. The Board of Accountancy will adopt rules to implement this new requirement.

The board may adopt continuing education requirements and licensing requirements different from those set in statute as long as those requirements are consistent with the continuing education standards of other states and national standards.

Licenses for accounting firms, partnerships, and corporations are valid for three years rather than for two years.

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**Appropriation:** None.

**Fiscal Note:** Available.

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

**Testimony For:** This bill aligns Washington with current national standards. The uniform accountancy act that is being proposed by the American Institute of Certified Public Accountants and the National Association of State Boards of Accountancy encourages states to adopt a 120 hour continuing professional education requirement. This is the first step in making Washington law consistent with the uniform act and

updated national standards. The amendment gives the board greater flexibility in adopting future requirements. The amendment also eliminates the issue of referencing a uniform act that is still being refined.

**Testimony Against:** None.

**Testified:** Jim Boldt; Gary Smith, Independent Business Association; and Arne Sunde, Washington Association of Accountants.