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**Consumer Protection & Business  
Committee**

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**SB 5519**

**Brief Description:** Replacing an inactive certificate status with an inactive license designation.

**Sponsors:** Senators Dozier, Mullet, Brown, Gildon, Rivers, Wilson, J. and Wilson, L..

**Brief Summary of Bill**

- Discontinues the status of certificate holder for certified public accountants beginning on July 1, 2024.
- Automatically converts individuals with valid certificates to licensees in an inactive status, unless they meet requirements to become active licensees before July 1, 2024.

**Hearing Date:** 1/31/22

**Staff:** Michelle Rusk (786-7153).

**Background:**

The Board of Accountancy (Board) regulates the accounting profession and administers a licensing program for persons that engage in the practice of public accounting. The Public Accountancy Act (Act) governs the practice of accounting in Washington. Prior to July 1, 2001, the Board also issued certificates as a certified public accountant (CPA) to qualified applicants.

CPA Certificates.

On June 30, 2001, individuals who held then-valid CPA certificates were automatically deemed to hold inactive certificates. An inactive certificate is renewable every three years subject to continuing professional education (CPE) requirements but remains an inactive certificate until

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the certificate holder petitions the Board and becomes a licensee. A certificate holder holds an inactive certificate as a CPA and has maintained CPE requirements but has not become a licensee and does not practice public accounting.

#### CPA Licenses and Substantial Equivalency.

The Board issues licenses to individuals subject to satisfaction of certain requirements including education and examinations, professional experience, and competency requirements set by the Board. A certificate holder who petitions the Board to become a licensee is required to demonstrate completion of 120 hours of CPE in the three-year period preceding the petition, and document professional experience in a relevant sector.

The Board also issues licenses to individuals with licenses issued by other states and countries when the individual meets certain requirements, and the Board may consider its requirements satisfied based on a standard of substantial equivalency, which is undefined.

#### **Summary of Bill:**

##### Inactive Licensee Status.

Beginning July 1, 2024, Board-issued certificates are not a recognized form of licensure. The Board must allow the renewal of certificates until June 30, 2024, as an alternative license type indicating the holder passed the CPA examination but has not had their experience verified and is not fully licensed to practice public accounting. After June 30, 2024, any current and valid certificate automatically converts to a CPA license in an inactive status.

To become an active licensee, an individual must apply and meet requirements including documentation of professional experience, and completion of 120 hours of CPE during the preceding three years. Individuals who apply before January 1, 2024, must demonstrate one year of professional experience in a relevant field within the prior eight years.

A licensee in good standing may also request to have the license placed on inactive status, and all inactive licensees are prohibited from practicing public accounting and must comply with CPE requirements.

Individuals who do not hold a valid certificate on June 30, 2024, and who want to apply for a license, must apply as a new licensee and meet the requirements of initial licensure.

##### License Renewal.

The Board must adopt CPE rules for active or inactive licensees, providing that: (1) active licensees must verify 120 hours of CPE in the last three-year period; and (2) inactive licensees must verify completion of Board-approved ethics during the last three-year period.

An inactive licensee may use the designation "certified public accountant-inactive" or "CPA-inactive."

Substantial Equivalency.

A license holder from another state or country may be deemed to have met requirements that are "substantially equivalent" when the Board determines that the education, examination, and experience requirements contained in the statutes and administrative rules of another jurisdiction are comparable to or exceed Washington's statutory education, examination, and experience requirements or that an individual CPA's education, examination, and experience qualifications are comparable to or exceed Washington's statutory education, examination, and experience requirements. In ascertaining substantial equivalency, the Board must take into account the qualifications without regard to the sequence in which experience, education, or examination requirements were attained.

**Appropriation:** None.

**Fiscal Note:** Available.

**Effective Date:** The bill takes effect 90 days after adjournment of the session in which the bill is passed, except for sections 8, 10, 15, and 17, which take effect on June 30, 2023.