

# FINAL BILL REPORT

## ESHB 2293

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*Synopsis As Enacted*

**Brief Description:** Changing CPA licensing requirements.

By House Committee on State Government (originally sponsored by Representatives Anderson, Bowman, Sheldon, McLean, D. Sommers, Forner, Ogden and Chandler).

House Committee on State Government  
House Committee on Revenue  
Senate Committee on Commerce & Labor  
Senate Committee on Ways & Means

**Background:** Board of Accountancy: The Board of Accountancy is composed of five members: four members who hold CPA certificates and who have been in public practice, and one public member. Statute assigns to the board certain responsibilities and authority. The board hires its own staff, including its executive director.

**Examination Requirements:** The Board of Accountancy has the authority to establish requirements regarding the taking and passing of the CPA exam. The board establishes these requirements by rule.

**Professional Association Activities:** There are national and state-level professional organizations which CPA's may join. These organizations are not state agencies, and they determine their own rules and qualifications for membership.

**Reciprocity:** The Board of Accountancy is authorized to issue a CPA certificate to a CPA from another state, on two conditions: 1) the requirements which the applicant had to meet in order to get the certificate from another state are at least equivalent to the requirements in Washington, and 2) the state of origin has similar reciprocity rules for CPA's from Washington.

**Funding:** The Board of Accountancy charges several different examination, registration, and licensing fees. One set of fees goes directly into a dedicated fund called the certified public accountants account. This account is used for administration of the CPA exam. All other fees collected by the board go into the state's general fund.

**Summary:** Board of Accountancy: The board's membership increases from five to seven. The two new members must hold CPA certificates. The board's authority to conduct reviews and investigations and to discipline CPA's is expanded. The board's authority to regulate CPA certificate holders as well as CPA license holders is clarified. Added to statute are detailed definitions of practicing public accounting and "holding out" services to the public.

The appointment authority for the executive director of the board transfers from the board to the governor.

Examination Requirements: The specific requirements regarding the CPA examination are moved from administrative rule into statute.

Professional Association Activities: New definitions of the terms "quality review" and "review committee" are added to statute. Quality reviews involve CPA's reviewing the work of other CPA's as a quality control mechanism associated with a professional association, and not affiliated with reviews conducted by the Board of Accountancy. The findings of these review committees are not subject to discovery, subpoena, or other means of legal process in a civil action, arbitration, administrative proceeding, or board proceeding.

Reciprocity: Requirements for the issuance of a Washington CPA certificate or license to a CPA from another state are provided in detail. A new section also addresses the requirements for CPA's from other countries who wish to receive a certificate or license from Washington.

Funding: Beginning with the 1993-95 biennium, all fees collected by the board go into the CPA account.

***Votes on Final Passage:***

House	65	33	
Senate	47	1	(Senate amended)
House	90	0	(House concurred)

***Effective:*** June 11, 1992