
SENATE BILL 6123

State of Washington

58th Legislature

2004 Regular Session

By Senators Carlson, Keiser, Winsley and Spanel; by request of State Board of Accountancy

Read first time 01/12/2004. Referred to Committee on Financial Services, Insurance & Housing.

1 AN ACT Relating to modifying the public accountancy act but only
2 with respect to: Expanding board member term limits, extending the
3 experience look-back period for certificate holders, allowing out-of-
4 state CPAs to qualify for a license with three years of public practice
5 experience during the immediate past five years, expanding sanctioning
6 authority over imposters and exam cheaters, and establishing a penalty
7 for imposters whose license or certificate has been suspended or
8 revoked; amending RCW 18.04.035, 18.04.105, 18.04.180, and 18.04.295;
9 reenacting and amending RCW 18.04.370; prescribing penalties; and
10 providing an effective date.

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

12 **Sec. 1.** RCW 18.04.035 and 2001 c 294 s 3 are each amended to read
13 as follows:

14 (1) There is created a board of accountancy for the state of
15 Washington to be known as the Washington state board of accountancy.
16 Effective June 30, 2001, the board shall consist of nine members
17 appointed by the governor. Members of the board shall include six
18 persons who have been licensed in this state continuously for the
19 previous ten years. Three members shall be public members qualified to

1 judge whether the qualifications, activities, and professional practice
2 of those regulated under this chapter conform with standards to protect
3 the public interest, including one public member qualified to represent
4 the interests of clients of individuals and firms licensed under this
5 chapter.

6 (2) The members of the board shall be appointed by the governor to
7 a term of three years. Vacancies occurring during a term shall be
8 filled by appointment for the unexpired term. Upon the expiration of
9 a member's term of office, the member shall continue to serve until a
10 successor has been appointed and has assumed office. The governor
11 shall remove from the board any member whose license to practice has
12 been revoked or suspended and may, after hearing, remove any member of
13 the board for neglect of duty or other just cause. No person who has
14 served (~~two~~) three successive complete terms is eligible for
15 reappointment. Appointment to fill an unexpired term is not considered
16 a complete term. In order to stagger their terms, of the two new
17 appointments made to the board upon June 11, 1992, the first appointed
18 member shall serve a term of two years initially.

19 **Sec. 2.** RCW 18.04.105 and 2001 c 294 s 7 are each amended to read
20 as follows:

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

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

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

36 (c) Who has passed an examination;

37 (d) Who has had one year of experience which is gained:

1 (i) Through the use of accounting, issuing reports on financial
2 statements, management advisory, financial advisory, tax, tax advisory,
3 or consulting skills;

4 (ii) While employed in government, industry, academia, or public
5 practice; and

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

8 (e) Who has paid appropriate fees as established by rule by the
9 board.

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

28 (3) The board shall charge each applicant an examination fee for
29 the initial examination or for reexamination. The applicable fee shall
30 be paid by the person at the time he or she applies for examination,
31 reexamination, or evaluation of educational qualifications. Fees for
32 examination, reexamination, or evaluation of educational qualifications
33 shall be determined by the board under chapter 18.04 RCW. There is
34 established in the state treasury an account to be known as the
35 certified public accountants' account. All fees received from
36 candidates to take any or all sections of the certified public
37 accountant examination shall be used only for costs related to the
38 examination.

1 (4) Persons who on June 30, 2001, held valid certificates
2 previously issued under this chapter shall be deemed to be certificate
3 holders, subject to the following:

4 (a) Certificate holders may, prior to June 30, (~~2004~~) 2006,
5 petition the board to become licensees by documenting to the board that
6 they have gained one year of experience through the use of accounting,
7 issuing reports on financial statements, management advisory, financial
8 advisory, tax, tax advisory, or consulting skills, without regard to
9 the eight-year limitation set forth in (b) of this subsection, while
10 employed in government, industry, academia, or public practice.

11 (b) Certificate holders who do not petition to become licensees
12 prior to June 30, (~~2004~~) 2006, may after that date petition the board
13 to become licensees by documenting to the board that they have one year
14 of experience acquired within eight years prior to applying for a
15 license through the use of accounting, issuing reports on financial
16 statements, management advisory, financial advisory, tax, tax advisory,
17 or consulting skills in government, industry, academia, or public
18 practice.

19 (c) Certificate holders who petition the board pursuant to (a) or
20 (b) of this subsection must also meet competency requirements in a
21 manner as determined by the board to be appropriate and established by
22 board rule.

23 (d) Any certificate holder petitioning the board pursuant to (a) or
24 (b) of this subsection to become a licensee must submit to the board
25 satisfactory proof of having completed an accumulation of one hundred
26 twenty hours of CPE during the thirty-six months preceding the date of
27 filing the petition.

28 (e) Any certificate holder petitioning the board pursuant to (a) or
29 (b) of this subsection to become a licensee must pay the appropriate
30 fees established by rule by the board.

31 (5) Certificate holders shall comply with the prohibition against
32 the practice of public accounting in RCW 18.04.345.

33 (6) Persons who on June 30, 2001, held valid certificates
34 previously issued under this chapter are deemed to hold inactive
35 certificates, subject to renewal as inactive certificates, until they
36 have petitioned the board to become licensees and have met the
37 requirements of subsection (4) of this section. No individual who did

1 not hold a valid certificate before July 1, 2001, is eligible to obtain
2 an inactive certificate.

3 (7) Persons deemed to hold inactive certificates under subsection
4 (6) of this section shall comply with the prohibition against the
5 practice of public accounting in subsection (8)(b) of this section and
6 RCW 18.04.345, but are not required to display the term inactive as
7 part of their title, as required by subsection (8)(a) of this section
8 until renewal. Certificates renewed to any persons after June 30,
9 2001, are inactive certificates and the inactive certificate holders
10 are subject to the requirements of subsection (8) of this section.

11 (8) Persons holding an inactive certificate:

12 (a) Must use or attach the term "inactive" whenever using the title
13 CPA or certified public accountant or referring to the certificate, and
14 print the word "inactive" immediately following the title, whenever the
15 title is printed on a business card, letterhead, or any other document,
16 including documents published or transmitted through electronic media,
17 in the same font and font size as the title; and

18 (b) Are prohibited from practicing public accounting.

19 **Sec. 3.** RCW 18.04.180 and 2001 c 294 s 8 are each amended to read
20 as follows:

21 (1) The board shall issue a license to a holder of a
22 certificate/valid license issued by another state that entitles the
23 holder to practice public accountancy, provided that:

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

26 (b) The applicant meets the CPE requirements of RCW 18.04.215(5);

27 (c) The applicant meets the good character requirements of RCW
28 18.04.105(1)(a); and

29 (d) The applicant passed the examination required for issuance of
30 his or her certificate or license with grades that would have been
31 passing grades at that time in this state and meets all current
32 requirements in this state for issuance of a license at the time
33 application is made; or at the time of the issuance of the applicant's
34 license in the other state, met all the requirements then applicable in
35 this state; or has three years of experience within the five years
36 immediately preceding application or had five years of experience

1 within the ten years immediately preceding application in the practice
2 of public accountancy that meets the requirements prescribed by the
3 board.

4 (2) The board may accept NASBA's designation of the applicant as
5 substantially equivalent to national standards as meeting the
6 requirement of subsection (1)(d) of this section.

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

12 **Sec. 4.** RCW 18.04.295 and 2003 c 290 s 3 are each amended to read
13 as follows:

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

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

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

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 this
36 state, would have constituted a crime under the laws of this state; or

37 (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 certificate or license, or to
12 report changes to the board;

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

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

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

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

23 (11) Failure to comply with an order of the board.

24 **Sec. 5.** RCW 18.04.370 and 2003 c 290 s 5 and 2003 c 53 s 120 are
25 each reenacted and amended to read as follows:

26 (1) Any person who violates any provision of this chapter shall be
27 guilty of a crime, as follows:

28 (a) Any person who violates any provision of this chapter is guilty
29 of a misdemeanor, and upon conviction thereof, shall be subject to a
30 fine of not more than thirty thousand dollars, or to imprisonment for
31 not more than six months, or to both such fine and imprisonment.

32 (b) Notwithstanding (a) of this subsection, any person who uses a
33 professional title intended to deceive the public, in violation of RCW
34 18.04.345, having previously entered into a stipulated agreement and
35 order of assurance with the board, is guilty of a class C felony, and
36 upon conviction thereof, is subject to a fine of not more than thirty

1 thousand dollars, or to imprisonment for not more than two years, or to
2 both such fine and imprisonment.

3 (c) Notwithstanding (a) of this subsection, any person whose
4 license or certificate was suspended or revoked by the board and who
5 uses the CPA professional title intending to deceive the public, in
6 violation of RCW 18.04.345, having previously entered into a stipulated
7 agreement and order of assurance with the board, is guilty of a class
8 C felony, and upon conviction thereof, is subject to a fine of not more
9 than thirty thousand dollars, or to imprisonment for not more than two
10 years, or to both fine and imprisonment.

11 (2) With the exception of first time violations of RCW 18.04.345,
12 subject to subsection (3) of this section whenever the board has reason
13 to believe that any person is violating the provisions of this chapter
14 it shall certify the facts to the prosecuting attorney of the county in
15 which such person resides or may be apprehended and the prosecuting
16 attorney shall cause appropriate proceedings to be brought against such
17 person.

18 (3) The board may elect to enter into a stipulated agreement and
19 orders of assurance with persons in violation of RCW 18.04.345 who have
20 not previously been found to have violated the provisions of this
21 chapter. The board may order full restitution to injured parties as a
22 condition of a stipulated agreement and order of assurance.

23 (4) Nothing herein contained shall be held to in any way affect the
24 power of the courts to grant injunctive or other relief as above
25 provided.

26 NEW SECTION. Sec. 6. Section 5 of this act takes effect July 1,
27 2004.

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