

**Prepared for Representative Robertson**

Michelle Rusk, OPR - Consumer Protection and Business Committee

October 2023

AN ACT Relating to modifying the public accountancy act; amending RCW  
1 ...; and providing an effective date.

2

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

4

5 **Sec. 1.** RCW 18.04.015 and 2022 c 85 s 1 are each amended to  
6 read as follows:

7 (1) It is the policy of this state and the purpose of this  
8 chapter:

9 (a) To promote the dependability of information which is used  
10 for guidance in financial transactions or for accounting for or  
11 assessing the status or performance of commercial and noncommercial  
12 enterprises, whether public, private or governmental; and

13 (b) To protect the public interest by requiring that:

14 (i) Persons who hold themselves out as licensees conduct  
15 themselves in a competent, ethical, and professional manner;

16 (ii) A public authority be established that is competent to  
17 prescribe and assess the qualifications of certified public  
18 accountants;

19

1 (iii) Persons other than licensees refrain from using the words  
2 "audit," "review," and "compilation" when designating a report  
3 customarily prepared by someone knowledgeable in accounting;

4 (iv) A public authority be established to provide for consumer  
5 alerts and public protection information to be published regarding  
6 persons or firms who violate the provisions of chapter 294, Laws of  
7 2001 or board rule and to provide general consumer protection  
8 information to the public; and

9 (v) The use of accounting titles likely to confuse the public be  
10 prohibited. However as of June 30, 2024, an individual holding a  
11 CPA-inactive certificate must be designated as a licensee with an  
12 inactive status.

13 ~~(2) The purpose of chapter 294, Laws of 2001 is to make~~  
14 ~~revisions to chapter 234, Laws of 1983 and chapter 103, Laws of 1992~~  
15 ~~to: Fortify the public protection provisions of chapter 294, Laws of~~  
16 ~~2001; establish one set of qualifications to be a licensee; revise~~  
17 ~~the regulations of certified public accountants; make revisions in~~  
18 ~~the ownership of certified public accounting firms; assure to the~~  
19 ~~greatest extent possible that certified public accountants from~~  
20 ~~Washington state are substantially equivalent with certified public~~  
21 ~~accountants in other states and can therefore perform the duties of~~  
22 ~~certified public accountants in as many states and countries as~~  
23 ~~possible; assure certified public accountants from other states and~~  
24 ~~countries have met qualifications that are substantially equivalent~~  
25 ~~to the certified public accountant qualifications of this state; and~~  
26 ~~clarify the authority of the board of accountancy with respect to~~  
27 ~~the activities of persons holding licenses and certificates under~~  
28 ~~this chapter. It is not the intent of chapter 294, Laws of 2001 to~~  
29 ~~in any way restrict or limit the activities of persons not holding~~  
30 ~~licenses or certificates under this chapter except as otherwise~~  
31 ~~specifically restricted or limited by chapter 234, Laws of 1983 and~~  
32 ~~chapter 103, Laws of 1992.~~

33 ~~(3) A purpose of chapter 103, Laws of 1992, revising provisions~~  
34 ~~of chapter 234, Laws of 1983, is to clarify the authority of the~~

~~1 board of accountancy with respect to the activities of persons  
2 holding certificates under this chapter. Furthermore, it is not the  
3 intent of chapter 103, Laws of 1992 to in any way restrict or limit  
4 the activities of persons not holding certificates under this  
5 chapter except as otherwise specifically restricted or limited by  
6 chapter 234, Laws of 1983.~~

7 **Sec. 2.** RCW 18.04.025 and 2022 c 85 s 2 are each amended to  
8 read as follows:

9 Unless the context clearly requires otherwise, the definitions  
10 in this section apply throughout this chapter.

11 (1) "Attest" means providing the following services:

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

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

17 (c) Any engagement to be performed in accordance with the  
18 statements on standards for attestation engagements; and

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

21 (2) "Board" means the board of accountancy created by RCW  
22 18.04.035.

23 (3) "Certificate" means an alternative license type issued by  
24 the board indicating that the certificate holder had passed the CPA  
25 examination, but has not verified the certificate holder's  
26 experience and was not fully licensed as a certified public  
27 accountant to practice public accounting. The board must allow  
28 renewal of certificates until June 30, 2024, at which time any then  
29 current and valid certificates automatically convert to a CPA  
30 license in an inactive status. As of July 1, 2024, board-issued  
31 certificates are no longer a recognized form of licensure.

32 (4) "Certified public accountant" or "CPA" means a person  
33 holding a certified public accountant license or certificate.

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1 (5) "Compilation" means providing a service to be performed in  
2 accordance with statements on standards for accounting and review  
3 services that is presenting in the form of financial statements,  
4 information that is the representation of management (owners)  
5 without undertaking to express any assurance on the statements.

6 (6) "CPE" means continuing professional education.

7 (7) "Firm" or "CPA firm" means a sole proprietorship, a  
8 corporation, ~~or~~ a partnership, or any other form of organization  
9 issued a license under RCW 18.04.195. "Firm" also means a limited  
10 liability company formed under chapter 25.15 RCW.

11 (8) "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  
13 or firm that the person or firm holds a license under this chapter  
14 and that the person or firm offers to perform any professional  
15 services to the public as a licensee. "Holding out" shall not affect  
16 or limit a person or firm not required to hold a license under this  
17 chapter from engaging in practices identified in RCW 18.04.~~350~~345.

18 (9) "Inactive" means the status of a license that is prohibited  
19 from practicing public accounting. A person holding an inactive  
20 license may apply to the board to return the license to an active  
21 status through an approval process established by the board.

22 (10) "Individual" means a living, human being.

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

26 (12) "Licensee" means the holder of a license to practice public  
27 accountancy issued under this chapter.

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

30 (14) "NASBA" means the national association of state boards of  
31 accountancy.

32 (15) "Practice privilege" means an authorization permitting the  
33 practice of public accounting in Washington under RCW 18.04.350.

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1        (16) "Peer review" means a study, appraisal, or review of one or  
2 more aspects of the attest or compilation work of a licensee or  
3 licensed firm in the practice of public accountancy, by a person or  
4 persons who hold licenses and who are not affiliated with the person  
5 or firm being reviewed, including a peer review, or any internal  
6 review or inspection intended to comply with quality control  
7 policies and procedures, but not including a quality assurance  
8 review.

9        [CRO to renumber accordingly] ~~(16)~~ "Person" means any  
10 individual, nongovernmental organization, or business entity  
11 regardless of legal form, including a sole proprietorship, firm,  
12 partnership, corporation, limited liability company, association, or  
13 not-for-profit organization, and including the sole proprietor,  
14 partners, members, and, as applied to corporations, the officers.

15        (17) "Practice of public accounting" means performing or  
16 offering to perform by a person or firm holding itself out to the  
17 public as a licensee, for a client or potential client, one or more  
18 kinds of services involving the use of accounting or auditing  
19 skills, including the issuance of "reports," or one or more kinds of  
20 management advisory, or consulting services, or the preparation of  
21 tax returns, or the furnishing of advice on tax matters. "Practice  
22 of public accounting" shall not include practices that are permitted  
23 under the provisions of ~~RCW 18.04.350(10)~~ RCW 18.04.345(9)(b) by  
24 persons or firms not required to be licensed under this chapter.

25        (18) "Principal place of business" means the office location  
26 designated by the licensee for purposes of substantial equivalency  
27 and reciprocity.

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

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1 (20) "Report," when used with reference to any attest or  
2 compilation service, means an opinion, report, or other form of  
3 language that states or implies assurance as to the reliability of  
4 the attested information or compiled financial statements and that  
5 also includes or is accompanied by any statement or implication that  
6 the person or firm issuing it has special knowledge or competence in  
7 the practice of public accounting. Such a statement or implication  
8 of special knowledge or competence may arise from use by the issuer  
9 of the report of names or titles indicating that the person or firm  
10 is involved in the practice of public accounting, or from the  
11 language of the report itself. "Report" includes any form of  
12 language which disclaims an opinion when such form of language is  
13 conventionally understood to imply any positive assurance as to the  
14 reliability of the attested information or compiled financial  
15 statements referred to and/or special competence on the part of the  
16 person or firm issuing such language; and it includes any other form  
17 of language that is conventionally understood to imply such  
18 assurance and/or such special knowledge or competence. "Report" does  
19 not include services referenced in ~~RCW 18.04.350 (10) or (11)~~RCW  
20 18.04.345(9) (b) and (c) provided by persons not holding a license  
21 under this chapter as provided in ~~RCW 18.04.350(14)~~RCW  
22 18.04.345(2) (b).

23 (21) "Review committee" means any person carrying out,  
24 administering or overseeing a peer review authorized by the  
25 reviewee.

26 (22) "Rule" means any rule adopted by the board under authority  
27 of this chapter.

28 ~~(23) "Sole proprietorship" means a legal form of organization~~  
29 ~~owned by one person meeting the requirements of RCW 18.04.195.~~

30 (24) "State" includes the states of the United States, the  
31 District of Columbia, Puerto Rico, Guam, the United States Virgin  
32 Islands, and the Commonwealth of the Northern Mariana Islands at  
33 such time as the board determines that the Commonwealth of the  
34 Northern Mariana Islands is issuing licenses under the substantially

1 ~~equivalent~~substantial equivalency standards in RCW

2 18.04.350~~(2)~~(1) (a) .

3 (25) "Substantial equivalency" ~~or "substantially equivalent"~~  
4 ~~means~~ is a determination by the board or its designee that the  
5 education, examination, and experience requirements contained in the  
6 statutes and administrative rules of another jurisdiction are  
7 comparable to or exceed the education, examination, and experience  
8 requirements contained in this chapter or that an individual CPA's  
9 education, examination, and experience qualifications are comparable  
10 to or exceed the education, examination, and experience requirements  
11 contained in this chapter. In ascertaining substantial equivalency  
12 ~~and substantially equivalent~~ as used in this chapter the board shall  
13 take into account the qualifications without regard to the sequence  
14 in which experience, education, or examination requirements were  
15 attained.

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17 **Sec. 3.** RCW 18.04.105 and 2022 c 85 s 5 are each amended to  
18 read as follows:

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

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

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

1 (c) Who has passed an examination;

2 (d) Who has ~~met the~~had one year of experience requirements  
3 established by rule by the board as it deems appropriate, which is  
4 gained:

5 (i) Through the use of accounting, issuing reports, management  
6 advisory, financial advisory, tax, tax advisory, or consulting  
7 skills;

8 (ii) While employed in government, industry, academia, or public  
9 practice; and

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

13 (e) Who has paid appropriate application fees as established by  
14 rule by the board.

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

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1 (3) The board shall charge each applicant an examination fee for  
2 the initial examination or for reexamination. The applicable fee  
3 shall be paid ~~by the person~~ at the time ~~he or she~~ an individual  
4 applies for examination, reexamination, or evaluation of educational  
5 qualifications. Fees for examination, reexamination, or evaluation  
6 of educational qualifications shall be determined by the board under  
7 this chapter. There is established in the state treasury an account  
8 to be known as the certified public accountants' account. All fees  
9 received from candidates to take any or all sections of the  
10 certified public accountant examination shall be used only for costs  
11 related to the examination.

12 (4) Individuals whose certificates are current and valid on June  
13 30, 2024, will automatically be converted to a licensee in an  
14 inactive status. To activate a license and become an active  
15 licensee, the individual must apply to the board to activate ~~his or~~  
16 her ~~the~~ license and ~~must meet the following requirements:~~

17 (a) For applications to activate, the licensees must submit to  
18 the board documentation that they have gained one year of experience  
19 through the use of accounting, issuing reports, management advisory,  
20 financial advisory, tax, tax advisory, or consulting skills, without  
21 regard to the eight-year limitation set forth in (b) of this  
22 subsection, while employed in government, industry, academia, or  
23 public practice.

24 (b) For applications submitted to the board before January 1,  
25 2024, the individual must provide documentation to the board that  
26 they have one year of experience acquired within eight years prior  
27 to applying for a license through the use of accounting, issuing  
28 reports, management advisory, financial advisory, tax, tax advisory,  
29 or consulting skills in government, industry, academia, or public  
30 practice.

31 (c) Meet competency requirements in a manner as determined by  
32 the board to be appropriate and established by board rule.

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1 (d) Submit to the board satisfactory proof of having completed  
2 an accumulation of one hundred twenty hours of CPE during the  
3 thirty-six months preceding the date of filing the petition.

4 (e) Pay the appropriate fees established by rule by the board.

5 (5) Individuals who did not hold a valid certificate on the  
6 conversion date of June 30, 2024, and who wish to apply for a  
7 license must apply as a new licensee and meet the requirements under  
8 subsection (1) of this section for initial licensure.

9 (6) Any licensee in good standing may request to have ~~his or her~~  
10 their license placed on inactive status. All licensees in inactive  
11 status, including those who converted from certificate to a license,  
12 are subject to the following conditions:

13 (a) The licensee is prohibited from practicing public  
14 accounting;

15 (b) The licensee must pay a renewal fee to maintain this status;

16 (c) The licensee must comply with the applicable CPE  
17 requirements;

18 (d) The licensee is subject to the requirements of this chapter  
19 and the rules adopted by the board.

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21 **Sec. 4.** RCW 18.04.180 and 2022 c 85 s 6 are each amended to  
22 read as follows:

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

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

28 (b) The applicant meets the CPE requirements of RCW  
29 18.04.215(4);

30 (c) The applicant meets the good character requirements of RCW  
31 18.04.105(1)(a); and

32 (d) The applicant passed the examination required for issuance  
33 of ~~his or her~~a certificate or license with grades that would have  
34 been passing grades at that time in this state and meets all current

1 requirements in this state for issuance of a license at the time  
2 application is made; or at the time of the issuance of the  
3 applicant's license in the other state, met all the requirements  
4 then applicable in this state; or has three years of experience  
5 within the five years immediately preceding application or had five  
6 years of experience within the ten years immediately preceding  
7 application in the practice of public accountancy that meets the  
8 requirements prescribed by the board.

9 (2) The board may accept NASBA's designation of the applicant as  
10 ~~substantially equivalent~~having substantial equivalency to national  
11 standards as meeting the requirement of subsection (1)(d) of this  
12 section.

13 (3) A licensee who has been granted a license under the  
14 reciprocity provisions of this section shall notify the board within  
15 thirty days if the license or certificate issued in the other  
16 jurisdiction has lapsed or if the status of the license or  
17 certificate issued in the other jurisdiction becomes otherwise  
18 invalid.

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20 **Sec. 5.** RCW 18.04.183 and 2001 c 294 s 9 are each amended to  
21 read as follows:

22 The board shall grant a license as a certified public accountant  
23 to a holder of a permit, license, or certificate issued by a foreign  
24 country's board, agency, or institute, provided that:

25 (1) The foreign country where the foreign permit, license, or  
26 certificate was issued is a party to an agreement on trade with the  
27 United States that encourages the mutual recognition of licensing  
28 and certification requirements for the provision of covered services  
29 by the parties under the trade agreement;

30 (2) Such foreign country's board, agency, or institute makes  
31 similar provision to allow a person who holds a valid license issued  
32 by this state to obtain such foreign country's comparable permit,  
33 license, or certificate;

34 (3) The foreign permit, license, or certificate:

1 (a) Was duly issued by such foreign country's board, agency, or  
2 institute that regulates the practice of public accountancy; and

3 (b) Is in good standing at the time of the application; and

4 (c) Was issued upon the basis of educational, examination,  
5 experience, and ethical requirements ~~substantially equivalent~~that  
6 have substantial equivalency currently or at the time of issuance of  
7 the foreign permit, license, or certificate to those in this state;

8 (4) The applicant has within the thirty-six months prior to  
9 application completed an accumulation of one hundred twenty hours of  
10 CPE as required under ~~\*RCW 18.04.215(5)~~(4). The board shall provide  
11 for transition from existing to new CPE requirements;

12 (5) The applicant's foreign permit, license, or certificate was  
13 the type of permit, license, or certificate requiring the most  
14 stringent qualifications if, in the foreign country, more than one  
15 type of permit, license, or certificate is issued. This state's  
16 board shall decide which are the most stringent qualifications;

17 (6) The applicant has passed a written examination or its  
18 equivalent, approved by the board, that tests knowledge in the areas  
19 of United States accounting principles, auditing standards,  
20 commercial law, income tax law, and Washington state rules of  
21 professional ethics; and

22 (7) The applicant has within the eight years prior to applying  
23 for a license under this section, demonstrated, in accordance with  
24 the rules issued by the board, ~~one year of~~public accounting  
25 experience, within the foreign country where the foreign permit,  
26 license, or certificate was issued, equivalent to the experience  
27 required under RCW 18.04.105(1)(d) or such other experience or  
28 employment which the board in its discretion regards as  
29 ~~substantially equivalent~~having substantial equivalency.

30 The board may adopt by rule new CPE standards that differ from  
31 those in subsection (4) of this section or RCW 18.04.215 if the new  
32 standards are consistent with the CPE standards of other states so  
33 as to provide to the greatest extent possible, consistent national  
34 standards.

1 A licensee who has been granted a license under the reciprocity  
2 provisions of this section shall notify the board within thirty days  
3 if the permit, license, or certificate issued in the other  
4 jurisdiction has lapsed or if the status of the permit, license, or  
5 certificate issued in the other jurisdiction becomes otherwise  
6 invalid.

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8 **Sec. 6.** RCW 18.04.195 and 2022 c 85 s 8 are each amended to  
9 read as follows:

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

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

14 (i) Any firm with an office in this state performing or offering  
15 to perform attest services as defined in RCW 18.04.025(1) or  
16 compilations as defined in RCW 18.04.025(5); or

17 (ii) Any firm that does not have an office in this state but  
18 offers or renders attest services described in RCW 18.04.025 in this  
19 state, unless it meets each of the following requirements:

20 (A) Complies with the qualifications described in subsection

21 ~~(3)(e), (4)(a), or (5)(e)~~ 2(a) of this section;

22 (B) Meets the board's quality assurance review program  
23 requirements authorized by RCW 18.04.055(9) and the rules  
24 implementing such section;

25 (C) Performs such services through an individual with practice  
26 privileges under RCW 18.04.350~~(2)~~; and

27 (D) Can lawfully do so in the state where said individuals with  
28 practice privileges have their principal place of business.

29 (b) A firm that is not subject to the requirements of subsection  
30 (1)(a) of this section may perform compilation services described in  
31 RCW 18.04.025(5) and other nonattest professional services while  
32 using the title "CPA" or "CPA firm" in this state without a license  
33 issued under this section only if:

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1 (i) The firm performs such services through an individual with  
2 practice privileges under RCW 18.04.350~~(2)~~; and

3 (ii) The firm can lawfully do so in the state where said  
4 individuals with practice privileges have their principal place of  
5 business.

6 ~~(2) A sole proprietorship that performs or offers to perform  
7 attest or compilation services as defined in RCW 18.04.025 is  
8 required to obtain a license under subsection (1) of this section  
9 and shall license, as a firm, every three years with the board.~~

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

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

18 ~~(c) The licensed firm must meet requirements established by rule  
19 by the board.~~

20 ~~(3) A partnershipCPA firm~~ that performs or offers to perform  
21 attest or compilation services as defined in RCW 18.04.025 is  
22 required to obtain a license under subsection (1) of this section,  
23 shall license as a firm every three years with the board, and shall  
24 meet the following requirements:

25 ~~(a) A simple majority of the ownership of the firm, in terms of  
26 financial interests and voting rights of all partners, officers,  
27 shareholders, members or managers, shall hold and renew a license to  
28 practice under RCW 18.04.105 and 18.04.215, or be a licensee of  
29 another state who meets the requirements in RCW 18.04.350;~~

30 ~~(b) All owners of a CPA firm, including non-licensee owners,  
31 must comply with rules promulgated by the Board;~~

32 ~~(c) The principal member, manager, officer, or partner of a CPA  
33 firm having authority over issuing reports shall hold a license~~

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1 under this chapter or be a licensee of another state who meets the  
2 requirements in RCW 18.04.350; and

3 ~~(d) Compliance with the requirements of RCW 18.04.205~~At least  
4 ~~one general partner of the partnership shall hold and renew a~~  
5 ~~license to practice under RCW 18.04.105 and 18.04-.215, or, in the~~  
6 ~~case of a partnership that must obtain a license pursuant to~~  
7 ~~subsection (1)(a)(iii) of this section, be a licensee of another~~  
8 ~~state who meets the requirements in RCW 18.04.350(2);~~

9 ~~(b) Each resident individual in charge of an office in this~~  
10 ~~state shall hold and renew a license to practice under RCW 18.04.105~~  
11 ~~and 18.04.215;~~

12 ~~(c) At least a simple majority of the ownership of the licensed~~  
13 ~~firm in terms of financial interests and voting rights of all~~  
14 ~~partners or owners shall be held by persons who are licensees or~~  
15 ~~holders of a valid license issued under this chapter or by another~~  
16 ~~state. The principal partner of the partnership and any partner~~  
17 ~~having authority over issuing reports shall hold a license under~~  
18 ~~this chapter or issued by another state; and~~

19 ~~(d) The licensed firm must meet requirements established by rule~~  
20 ~~by the board.~~

21 ~~(4) A corporation that performs or offers to perform attest or~~  
22 ~~compilation services as defined in RCW 18.04.025 is required to~~  
23 ~~obtain a license under subsection (1) of this section, shall license~~  
24 ~~as a firm every three years with the board, and shall meet the~~  
25 ~~following requirements:~~

26 ~~(a) At least a simple majority of the ownership of the licensed~~  
27 ~~firm in terms of financial interests and voting rights of all~~  
28 ~~shareholders or owners shall be held by persons who are licensees or~~  
29 ~~holders of a valid license issued under this chapter or by another~~  
30 ~~state and is principally employed by the corporation or actively~~  
31 ~~engaged in its business. The principal officer of the corporation~~  
32 ~~and any officer or director having authority over issuing reports~~  
33 ~~shall hold a license under this chapter or issued by another state;~~

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

6 ~~(c) Each resident individual in charge of an office located in~~  
7 ~~this state shall hold and renew a license under RCW 18.04.105 and~~  
8 ~~18.04.215;~~

9 ~~(d) A written agreement shall bind the corporation or its~~  
10 ~~shareholders to purchase any shares offered for sale by, or not~~  
11 ~~under the ownership or effective control of, a qualified~~  
12 ~~shareholder, and bind any holder not a qualified shareholder to sell~~  
13 ~~the shares to the corporation or its qualified shareholders. The~~  
14 ~~agreement shall be noted on each certificate of corporate stock. The~~  
15 ~~corporation may purchase any amount of its stock for this purpose,~~  
16 ~~notwithstanding any impairment of capital, as long as one share~~  
17 ~~remains outstanding;~~

18 ~~(e) The corporation shall comply with any other rules pertaining~~  
19 ~~to corporations practicing public accounting in this state as the~~  
20 ~~board may prescribe; and~~

21 ~~(f) The licensed firm must meet requirements established by rule~~  
22 ~~by the board.~~

23 ~~(5) A limited liability company that performs or offers to~~  
24 ~~perform attest or compilation services as defined in RCW 18.04.025~~  
25 ~~is required to obtain a license under subsection (1) of this~~  
26 ~~section, shall license as a firm every three years with the board,~~  
27 ~~and shall meet the following requirements:~~

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

33

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1 ~~(b) Each resident manager or member in charge of an office~~  
2 ~~located in this state shall hold and renew a license under RCW~~  
3 ~~18.04.105 and 18.04.215;~~

4 ~~(c) At least a simple majority of the ownership of the licensed~~  
5 ~~firm in terms of financial interests and voting rights of all owners~~  
6 ~~shall be held by persons who are licensees or holders of a valid~~  
7 ~~license issued under this chapter or by another state. The principal~~  
8 ~~member or manager of the limited liability company and any member~~  
9 ~~having authority over issuing reports shall hold a license under~~  
10 ~~this chapter or issued by another state; and~~

11 ~~(d) The licensed firm must meet requirements established by rule~~  
12 ~~by the board.~~

13 ~~(6)~~ (3) Application for a license as a firm with an office in  
14 this state shall be made upon the affidavit of ~~the proprietor or~~  
15 ~~individual designated as managing partner, member, or shareholder~~  
16 ~~for Washington. This individual shall hold a license under RCW~~  
17 ~~18.04.215~~ an individual holding a license under RCW 18.04.215.

18 ~~(7)~~ (4) In the case of a firm licensed in another state and  
19 required to obtain a license under subsection (1)(a)(iii) of this  
20 section, the application for the firm license shall be made upon the  
21 affidavit of an individual who qualifies for practice privileges in  
22 this state under RCW 18.04.350~~(2)~~ who has been authorized by the  
23 applicant firm to make the application. The board shall determine in  
24 each case whether the applicant is eligible for a license.

25 ~~(8)~~ (5) The board shall be given notification within ninety days  
26 after the admission or withdrawal of a partner, shareholder, or  
27 member engaged in this state in the practice of public accounting  
28 from any partnership, corporation, or limited liability company so  
29 licensed.

30 ~~(9)~~ (6) Licensed firms that fall out of compliance with the  
31 provisions of this section due to changes in firm ownership, after  
32 receiving or renewing a license, shall notify the board in writing  
33 within ninety days of its falling out of compliance and propose a  
34 time period in which they will come back into compliance. The board

1 may grant a reasonable period of time for a firm to be in compliance  
2 with the provisions of this section. Failure to bring the firm into  
3 compliance within a reasonable period of time, as determined by the  
4 board, may result in suspension, revocation, or imposition of  
5 conditions on the firm's license.

6 ~~(10)~~(7) Fees for the license as a firm and for notification of  
7 the board of the admission or withdrawal of a partner, shareholder,  
8 or member shall be determined by the board. Fees shall be paid by  
9 the firm at the time the license application form or notice of  
10 admission or withdrawal of a partner, shareholder, or member is  
11 filed with the board.

12 ~~(11)~~(8) Any CPA firm licensed under this chapter may include  
13 nonlicensee owners provided that the non-licensee owner  
14 is~~Nonlicensee owners of licensed firms are:~~

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

17 (b) Required to be an individual;

18 (c) Required to be of good character, as defined in RCW  
19 18.04.105(1) (a), and an active individual participant in the  
20 licensed firm or affiliated entities as these terms are defined by  
21 board rule; and

22 (d) Subject to discipline by the board for violation of this  
23 chapter.

24 ~~(12)~~(9) Resident nonlicensee owners of licensed firms are  
25 required to meet:

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

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

29 ~~(13)~~(10) (a) Licensed firms must notify the board within thirty  
30 days after:

31 (i) Sanction, suspension, revocation, or modification of their  
32 professional license or practice rights by the securities exchange  
33 commission, internal revenue service, or another state board of  
34 accountancy;

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

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

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

17

18 **Sec. 7.** RCW 18.04.205 and 2019 c 71 s 4 are each amended to  
19 read as follows:

20 (1) Each office established or maintained in this state for the  
21 purpose of offering to issue or issuing reports in this state shall  
22 register with the board under this chapter every three years.

23 (2) The practice of public accounting in ~~Each~~ office of a CPA  
24 firm established or maintained in this state shall ~~be~~take place  
25 under the direct supervision of a resident licensee holding a  
26 license under RCW 18.04.105 and 18.04.215, ~~except that the~~  
27 supervisory requirements of this subsection shall not preclude a  
28 nonlicensee from being in charge of a CPA firm.

29 (3) The board shall by rule prescribe the procedure to be  
30 followed to register and maintain offices established in this state  
31 for the purpose of offering to issue or issuing attest or  
32 compilation reports.

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1 (4) Fees for the registration of offices shall be determined by  
2 the board. Fees shall be paid by the applicant at the time the  
3 registration form is filed with the board.

4

5 **Sec. 8.** RCW 18.04.215 and 2022 c 85 s 10 are each amended to  
6 read as follows:

7 (1) Three-year licenses shall be issued by the board:

8 (a) To persons meeting the requirements of RCW 18.04.105(1),  
9 18.04.180, or 18.04.183.

10 (b) To firms under RCW 18.04.195, meeting the requirements of  
11 RCW 18.04.205.

12 (2) The board shall, by rule, provide for a system of license  
13 renewal and reinstatement. Applicants for renewal or reinstatement  
14 shall, at the time of filing their applications, list with the board  
15 all states and foreign jurisdictions in which they hold or have  
16 applied for certificates, permits or licenses to practice.

17 (3) A license is issued every three years with renewal subject  
18 to requirements of CPE and payment of fees, prescribed by the board.  
19 Failure to renew the license shall cause the license to lapse and  
20 become subject to reinstatement. Persons holding a lapsed license  
21 are prohibited from using the title "CPA," "certified public  
22 accountant," "CPA-inactive," or "CPA-retired." Persons holding a  
23 lapsed license are prohibited from practicing public accountancy.  
24 The board shall adopt rules providing for fees and procedures for  
25 issuance, renewal, and reinstatement of licenses.

26 (4) The board shall adopt rules providing for CPE for active or  
27 inactive licensees and certificate holders. The rules shall:

28 (a) Provide that an active licensee shall verify to the board  
29 that ~~he or she~~the licensee has completed at least an accumulation of  
30 one hundred twenty hours of CPE during the last three-year period to  
31 maintain the active license;

32 (b) Provide that an individual with an inactive license must  
33 verify to the board that ~~he or she~~the inactive licensee has

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1 completed a board-approved ethics course for CPE during the last  
2 three-year period to maintain the inactive license;

3 (c) Establish CPE requirements; and

4 (d) Establish when new licensees shall verify that they have  
5 completed the required CPE.

6 (5) A certified public accountant who holds a license issued by  
7 another state, and applies for a license in this state, may practice  
8 in this state from the date of filing a completed application with  
9 the board, until the board has acted upon the application provided  
10 the application is made prior to holding out as a certified public  
11 accountant in this state and no sanctions or investigations, deemed  
12 by the board to be pertinent to public accountancy, by other  
13 jurisdictions or agencies are in process.

14 (6) (a) A licensee shall submit to the board satisfactory proof  
15 of having completed an accumulation of one hundred twenty hours of  
16 CPE recognized and approved by the board during the preceding three  
17 years. Failure to furnish this evidence as required shall make the  
18 license lapse and subject to reinstatement procedures, unless the  
19 board determines the failure to have been due to retirement or  
20 reasonable cause.

21 (b) The board in its discretion may renew a license despite  
22 failure to furnish evidence of compliance with requirements of CPE  
23 upon condition that the applicant follow a particular program of  
24 CPE. In issuing rules and individual orders with respect to CPE  
25 requirements, the board, among other considerations, may rely upon  
26 guidelines and pronouncements of recognized educational and  
27 professional associations, may prescribe course content, duration,  
28 and organization, and may take into account the accessibility of CPE  
29 to licensees and instances of individual hardship.

30 (7) Fees for renewal or reinstatement of licenses in this state  
31 shall be determined by the board under this chapter. Fees shall be  
32 paid by the applicant at the time the application form is filed with  
33 the board. The board, by rule, may provide for proration of fees for  
34 licenses issued between normal renewal dates.

1 (8) (a) Licensees and nonlicensee owners must notify the board  
2 within thirty days after:

3 (i) Sanction, suspension, revocation, or modification of their  
4 professional license or practice rights by the securities exchange  
5 commission, internal revenue service, or another state board of  
6 accountancy;

7 (ii) Sanction or order against the licensee or nonlicensee owner  
8 by any federal or other state agency related to the licensee's  
9 practice of public accounting or the licensee's or nonlicensee  
10 owner's violation of ethical or technical standards established by  
11 board rule; or

12 (iii) The licensee or nonlicensee owner is notified that ~~he or~~  
13 ~~she has~~they have been charged with a violation of law that could  
14 result in the suspension or revocation of a license by a federal or  
15 other state agency, as identified by board rule, related to the  
16 licensee's or nonlicensee owner's professional license, practice  
17 rights, or violation of ethical or technical standards established  
18 by board rule.

19 (b) The board must adopt rules to implement this subsection and  
20 may also adopt rules specifying requirements for licensees and  
21 nonlicensee owners to report to the board sanctions or orders  
22 relating to the licensee's practice of public accounting or the  
23 licensee's or nonlicensee owner's violation of ethical or technical  
24 standards entered against the licensee or nonlicensee owner by a  
25 nongovernmental professionally related standard-setting entity.

26

27 **Sec. 9.** RCW 18.04.295 and 2022 c 85 s 11 are each amended to  
28 read as follows:

29 The board shall have the power to: Revoke, suspend, or refuse to  
30 issue, renew, or reinstate a license; impose a fine in an amount not  
31 to exceed thirty thousand dollars plus the board's investigative and  
32 legal costs in bringing charges against a certified public  
33 accountant, a licensee, a licensed firm, an applicant, a non-CPA  
34 violating the provisions of RCW 18.04.345, or a nonlicensee holding

1 an ownership interest in a licensed firm; may impose full  
2 restitution to injured parties; may impose conditions precedent to  
3 renewal of a license; or may prohibit a nonlicensee from holding an  
4 ownership interest in a licensed firm, for any of the following  
5 causes:

6 (1) Dishonesty, #fraud or deceit in obtaining a license, or in  
7 any filings with the board;

8 (2) Dishonesty, fraud, or negligence while representing oneself  
9 as a nonlicensee owner holding an ownership interest in a licensed  
10 firm or a licensee;

11 (3) A violation of any provision of this chapter;

12 (4) A violation of a rule of professional conduct promulgated by  
13 the board under the authority granted by this chapter;

14 (5) Conviction of a crime or an act constituting a crime under:

15 (a) The laws of this state;

16 (b) The laws of another state, and which, if committed within  
17 this state, would have constituted a crime under the laws of this  
18 state; or

19 (c) Federal law;

20 (6) Cancellation, revocation, suspension, or refusal to renew  
21 the authority to practice as a certified public accountant by any  
22 other state for any cause other than failure to pay a fee or to meet  
23 the requirements of CPE in the other state;

24 (7) Suspension or revocation of the right to practice matters  
25 relating to public accounting before any state or federal agency;

26 For purposes of subsections (6) and (7) of this section, a  
27 certified copy of such revocation, suspension, or refusal to renew  
28 shall be prima facie evidence;

29 (8) Failure to maintain compliance with the requirements for  
30 issuance, renewal, or reinstatement of a license, or to report  
31 changes to the board;

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

33 (a) Failure to furnish any papers or documents requested or  
34 ordered by the board;

1 (b) Failure to furnish in writing a full and complete  
2 explanation covering the matter contained in the complaint filed  
3 with the board or the inquiry of the board;

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

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

9 (11) Failure to comply with an order of the board;

10 (12) Performance of any fraudulent act while holding a license  
11 or privilege issued under this chapter; and

12 (13) Making any false or misleading statement or certification,  
13 in support of an application for license filed by another.

14

15 **Sec. 10.** RCW 18.04.345 and 2022 c 85 s 15 are each amended to  
16 read as follows:

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

24 (b) Nothing contained in this chapter prohibits any person who  
25 holds only a valid license in an inactive status from assuming or  
26 using the designation "certified public accountant-inactive" or  
27 "CPA-inactive" or any other title, designation, words, letters,  
28 sign, card, or device tending to indicate the person is in an  
29 inactive status, provided, that such person does not perform or  
30 offer to perform for the public one or more kinds of services  
31 involving the use of accounting or auditing skills, including  
32 issuance of reports or of one or more kinds of management advisory,  
33 financial advisory, consulting services, the preparation of tax  
34 returns, or the furnishing of advice on tax matters.



1 (2) (a) No individuals may hold themselves out to the public or  
2 assume or use the designation "certified public accountant" or "CPA"  
3 or any other title, designation, words, letters, abbreviation, sign,  
4 card, or device tending to indicate that the individual is a  
5 certified public accountant or CPA unless the individual qualifies  
6 for the privileges authorized by RCW 18.04.350~~(2)~~ or holds a license  
7 under RCW 18.04.105 and 18.04.215.

8 (b) Nothing in this chapter prohibits the use of the title  
9 "accountant" by any person regardless of whether the person holds a  
10 license under this chapter. Nothing in this chapter prohibits the  
11 use of the title "enrolled agent" or the designation "EA" by any  
12 person regardless of whether the person holds a license under this  
13 chapter if the person is properly authorized at the time of use to  
14 use the title or designation by the United States department of the  
15 treasury. The board shall by rule allow the use of other titles by  
16 any person regardless of whether the person holds a license under  
17 this chapter if the person using the titles or designations is  
18 authorized at the time of use by a nationally recognized entity  
19 sanctioning the use of board authorized titles.

20 (c) Nothing in this chapter prohibits any individual not holding  
21 a license and not qualified for the practice privileges authorized  
22 by RCW 18.04.350 from serving as an employee of a firm licensed  
23 under RCW 18.04.195 and 18.04.215. However, the employee shall not  
24 issue any report as defined in this chapter, on the information of  
25 any other persons, firms, or governmental units over the employee's  
26 name.

27 (3) (a) No firm with an office in this state may perform or  
28 offer to perform attest services as defined in RCW 18.04.025(1) or  
29 compilation services as defined in RCW 18.04.025(5) unless the firm  
30 is licensed under RCW 18.04.195 and all offices of the firm in this  
31 state are maintained and registered under RCW 18.04.205. This  
32 subsection does not limit the services permitted under ~~RCW~~  
33 ~~18.04.350(10)~~subsection 9(b) of this section by persons not required  
34 to be licensed under this chapter.

1 (b) Nothing in this subsection prohibits any act of or the use  
2 of any words by a public official or a public employee in the  
3 execution of their duties when performing services as defined in RCW  
4 18.04.025(1) and RCW 18.04.025(5).

5 (4) (a) No firm may perform the services defined in RCW  
6 18.04.025(1) in this state unless the firm is licensed under RCW  
7 18.04.195, renews the firm license as required under RCW 18.04.215,  
8 and all offices of the firm in this state are maintained and  
9 registered under RCW 18.04.205.

10 (b) Nothing in this subsection prohibits any act of or the use  
11 of any words by a public official or a public employee in the  
12 execution of their duties when performing services as defined in RCW  
13 18.04.025(1).

14 (5) No individuals, partnership, limited liability company, or  
15 corporation offering public accounting services to the public may  
16 hold ~~himself, herself, themselves~~ or itself out to the public, or  
17 assume or use along, or in connection with ~~his, hers, their~~ or its  
18 name, or any other name the title or designation "certified  
19 accountant," "chartered accountant," "licensed accountant,"  
20 "licensed public accountant," "public accountant," or any other  
21 title or designation likely to be confused with "certified public  
22 accountant" or any of the abbreviations "CA," "LA," "LPA," or "PA,"  
23 or similar abbreviations likely to be confused with "CPA."

24 (6) No licensed firm may operate under an alias, a firm name,  
25 title, or "DBA" that differs from the firm name that is registered  
26 with the board.

27 (7) (a) No individual with an office in this state may sign,  
28 affix, or associate ~~his or her~~the individual's name or any trade or  
29 assumed name used by the individual in ~~his or her~~the person's  
30 business to any report prescribed by professional standards unless  
31 the individual holds a license to practice under RCW 18.04.105 and  
32 18.04.215, a firm holds a license under RCW 18.04.195, and all of  
33 the individual's offices in this state are registered under RCW  
34 18.04.205.

1 (b) Nothing in this chapter prohibits any officer, employee,  
2 partner, or principal of any organization:

3 (i) From affixing the person's signature to any statement or  
4 report in reference to the affairs of the organization with any  
5 wording designating the position, title, or office which the  
6 individual holds in the organization; or

7 (ii) From using the position, title, or office held by the  
8 individual in such organization to describe the individual.

9 (8) No individual licensed in another state may sign, affix, or  
10 associate a firm name to any report prescribed by professional  
11 standards, or associate a firm name in conjunction with the title  
12 certified public accountant, unless the individual:

13 (a) Qualifies for the practice privileges authorized by RCW  
14 18.04.350~~(2)~~; or

15 (b) Is licensed under RCW 18.04.105 and 18.04.215, and all of  
16 the individual's offices in this state are maintained and registered  
17 under RCW 18.04.205.

18 (9) (a) No individuals, partnership, limited liability company,  
19 or corporation or firm not holding a license to practice under RCW  
20 18.04.105 and 18.04.215, or firm not licensed under RCW 18.04.195 or  
21 firm not registering all of the firm's offices in this state under  
22 RCW 18.04.205, or not qualified for the practice privileges  
23 authorized by RCW 18.04.350~~(2)~~, may hold himself, herself, themselves  
24 or itself out to the public as an "auditor" with or without any  
25 other description or designation by use of such word on any sign,  
26 card, letterhead, or in any advertisement or directory.

27 (b) Nothing in this chapter prohibits any person or firm  
28 composed of persons not holding a license under this chapter from  
29 offering or rendering to the public bookkeeping, accounting, tax  
30 services, the devising and installing of financial information  
31 systems, management advisory, or consulting services, the  
32 preparation of tax returns, or the furnishing of advice on tax  
33 matters, or similar services, provided that persons or firms not  
34 holding a license who offer or render these services do not

1 designate any written statement as a report as defined in RCW  
2 18.04.025(20) or use any language in any statement relating to the  
3 financial affairs of a person or entity which is conventionally used  
4 by licensees in reports or any attest service as defined in this  
5 chapter.

6 (c) Nothing in this chapter prohibits any person or firm  
7 composed of persons not holding a license under this chapter from  
8 offering or rendering to the public the preparation of financial  
9 statements, or written statements describing how such financial  
10 statements were prepared, provided that persons or firms not holding  
11 a license who offer or render these services do not designate any  
12 written statement as a report as defined in RCW 18.04.025(20), do  
13 not issue any written statement that purports to express or disclaim  
14 an opinion on financial statements that have been audited, and do  
15 not issue any written statement that expresses assurance on  
16 financial statements that have been reviewed. The board may  
17 prescribe, by rule, language for the written statement describing  
18 how such financial statements were prepared for use by persons not  
19 holding a license under this chapter.

20 (d) Nothing in this subsection (9) prohibits any act of or the  
21 use of any words by a public official or a public employee in the  
22 performance of the person's duties as such.

23 (10) (a) Nothing in this chapter prohibits a licensee, a  
24 licensed firm, any of their employees, or persons qualifying for  
25 practice privileges under RCW 18.04.350 from disclosing any data in  
26 confidence to other certified public accountants, quality assurance  
27 or peer review teams, partnerships, limited liability companies, or  
28 corporations of certified public accountants or to the board or any  
29 of its employees while engaged in conducting quality assurance or  
30 peer reviews, or any one of their employees in connection with  
31 quality or peer reviews of that accountant's accounting and auditing  
32 practice conducted under the auspices of recognized professional  
33 associations.

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1 (b) Nothing in this chapter prohibits a licensee, a licensed  
2 firm, any of their employees, or persons qualifying for practice  
3 privileges under RCW 18.04.350 from disclosing any data in  
4 confidence to any employee, representative, officer, or committee  
5 member of a recognized professional association, or to the board, or  
6 any of its employees or committees in connection with a professional  
7 investigation held under the auspices of recognized professional  
8 associations or the board.

9 (11) A licensee of this state offering or rendering services or  
10 using their CPA title in another state shall be subject to  
11 disciplinary action in this state for an act committed in another  
12 state for which the licensee would be subject to discipline for an  
13 act committed in the other state. Notwithstanding RCW 18.04.295 and  
14 this section, the board shall cooperate with and investigate any  
15 complaint made by the board of accountancy of another state or  
16 jurisdiction.

17 (12) For purposes of this section, because individuals  
18 practicing using practice privileges under RCW 18.04.350 ~~(2)~~ are  
19 deemed ~~to have substantially equivalent~~ substantial equivalency to  
20 licensees under RCW 18.04.105 and 18.04.215, every word, term, or  
21 reference that includes the latter shall be deemed to include the  
22 former, provided the conditions of such practice privilege, as set  
23 forth in RCW 18.04.350 ~~(4)~~ (3) and ~~(5)~~ (4) are maintained.

24 (~~11~~13) Notwithstanding anything to the contrary in this section,  
25 it is not a violation of this section for a firm that does not hold  
26 a valid license under RCW 18.04.195 and that does not have an office  
27 in this state to use the title "CPA" or "certified public  
28 accountant" as part of the firm's name and to provide its  
29 professional services in this state, and licensees and individuals  
30 with practice privileges may provide services on behalf of such  
31 firms so long as it complies with the requirements of RCW  
32 18.04.195(1). An individual or firm authorized under this subsection  
33 to use practice privileges in this state must comply with the  
34 requirements otherwise applicable to licensees in this section.

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**Sec. 11.** RCW 18.04.350 and 2022 c 85 s 17 are each amended to read as follows:

~~(1) Nothing in this chapter prohibits any individual not holding a license and not qualified for the practice privileges authorized by subsection (2) of this section from serving as an employee of a firm licensed under RCW 18.04.195 and 18.04.215. However, the employee shall not issue any report as defined in this chapter, on the information of any other persons, firms, or governmental units over his or her name.~~

~~(2)~~ An individual whose principal place of business is not in this state shall be presumed to have qualifications having substantially equivalent substantial equivalency to this state's requirements and shall have all the privileges of licensees of this state without the need to obtain a license under RCW 18.04.105 if the individual:

(a) Holds a valid license or certificate as a certified public accountant from any state or jurisdiction of the United States that requires, as a condition of licensure, that an individual:

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

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

~~(iii) Possess at least one year of experience including service or advice involving the use of accounting, attest, compilation, management advisory, financial advisory, tax, or consulting skills, all of which was verified by a licensee meet requirements which have substantial equivalency to those requirements set forth by the board for licensees of this state; or~~

(b) Holds a valid license or certificate as a certified public accountant from any state or jurisdiction of the United States whose licensing requirements that does do not meet the requirements of (a) of this subsection, but ~~such~~the individual's qualifications ~~are~~have substantially equivalent substantial equivalency to ~~those requirements~~the requirements of this state. Any individual who

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

5 ~~(32)~~ Notwithstanding any other provision of law, an individual  
6 who qualifies for the practice privilege under ~~subsection (2) of~~  
7 this section may offer or render professional services, whether in  
8 person or by mail, telephone, or electronic means, and no notice,  
9 fee, or other submission shall be provided by any such individual.  
10 Such an individual shall be subject to the requirements of  
11 subsection ~~(43)~~ of this section.

12 ~~(43)~~ Any individual licensee of another state exercising the  
13 privilege afforded under ~~subsection (2) of~~ this section and the firm  
14 that employs that licensee simultaneously consent, as a condition of  
15 exercising this privilege:

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

18 (b) To comply with this chapter and the board's rules;

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

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

27 ~~(54)~~ An individual who qualifies for practice privileges under  
28 ~~subsection (2) of~~ this section who performs any attest service  
29 described in RCW 18.04.025(1) may only do so through a firm which  
30 has obtained a license under RCW 18.04.195 and 18.04.215 or which  
31 meets the requirements for an exception from the firm licensure  
32 requirements under RCW 18.04.195(1) (a) (ii) or (b).

33 (5) An individual who qualifies for practice privileges under  
34 this section who performs services for which a firm license is

1 required under RCW 18.04.195 and RCW 18.04.215, shall not be  
2 required to obtain licensure under RCW 18.04.105 and 18.04.215

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

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

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

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

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



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

3 ~~(10) Nothing in this chapter prohibits any person or firm~~  
4 ~~composed of persons not holding a license under this chapter from~~  
5 ~~offering or rendering to the public bookkeeping, accounting, tax~~  
6 ~~services, the devising and installing of financial information~~  
7 ~~systems, management advisory, or consulting services, the~~  
8 ~~preparation of tax returns, or the furnishing of advice on tax~~  
9 ~~matters, or similar services, provided that persons, partnerships,~~  
10 ~~limited liability companies, or corporations not holding a license~~  
11 ~~who offer or render these services do not designate any written~~  
12 ~~statement as a report as defined in RCW 18.04.025(20) or use any~~  
13 ~~language in any statement relating to the financial affairs of a~~  
14 ~~person or entity which is conventionally used by licensees in~~  
15 ~~reports or any attest service as defined in this chapter.~~

16 ~~(11) Nothing in this chapter prohibits any person or firm~~  
17 ~~composed of persons not holding a license under this chapter from~~  
18 ~~offering or rendering to the public the preparation of financial~~  
19 ~~statements, or written statements describing how such financial~~  
20 ~~statements were prepared, provided that persons, partnerships,~~  
21 ~~limited liability companies, or corporations not holding a license~~  
22 ~~who offer or render these services do not designate any written~~  
23 ~~statement as a report as defined in RCW 18.04.025(20), do not issue~~  
24 ~~any written statement that purports to express or disclaim an~~  
25 ~~opinion on financial statements that have been audited, and do not~~  
26 ~~issue any written statement that expresses assurance on financial~~  
27 ~~statements that have been reviewed. The board may prescribe, by~~  
28 ~~rule, language for the written statement describing how such~~  
29 ~~financial statements were prepared for use by persons not holding a~~  
30 ~~license under this chapter.~~

31 ~~(12) Nothing in this chapter prohibits any act of or the use of~~  
32 ~~any words by a public official or a public employee in the~~  
33 ~~performance of his or her duties.~~

34

1 ~~(13) Nothing contained in this chapter prohibits any person who~~  
2 ~~holds only a valid license in an inactive status from assuming or~~  
3 ~~using the designation "certified public accountant inactive" or~~  
4 ~~"CPA inactive" or any other title, designation, words, letters,~~  
5 ~~sign, card, or device tending to indicate the person is in an~~  
6 ~~inactive status, provided, that such person does not perform or~~  
7 ~~offer to perform for the public one or more kinds of services~~  
8 ~~involving the use of accounting or auditing skills, including~~  
9 ~~issuance of reports or of one or more kinds of management advisory,~~  
10 ~~financial advisory, consulting services, the preparation of tax~~  
11 ~~returns, or the furnishing of advice on tax matters.~~

12 ~~(14) Nothing in this chapter prohibits the use of the title~~  
13 ~~"accountant" by any person regardless of whether the person holds a~~  
14 ~~license under this chapter. Nothing in this chapter prohibits the~~  
15 ~~use of the title "enrolled agent" or the designation "EA" by any~~  
16 ~~person regardless of whether the person holds a license under this~~  
17 ~~chapter if the person is properly authorized at the time of use to~~  
18 ~~use the title or designation by the United States department of the~~  
19 ~~treasury. The board shall by rule allow the use of other titles by~~  
20 ~~any person regardless of whether the person holds a license under~~  
21 ~~this chapter if the person using the titles or designations is~~  
22 ~~authorized at the time of use by a nationally recognized entity~~  
23 ~~sanctioning the use of board authorized titles.~~

24  
25 **Sec. 12.** RCW 18.04.380 and 2001 c 294 s 20 are each amended to  
26 read as follows:

27 (1) The display or presentation by a person of a card, sign,  
28 advertisement, or other printed, engraved, or written instrument or  
29 device, bearing a person's name in conjunction with the words  
30 "certified public accountant" or any abbreviation thereof shall be  
31 prima facie evidence in any action brought under this chapter that  
32 the person whose name is so displayed, caused or procured the  
33 display or presentation of the card, sign, advertisement, or other  
34 printed, engraved, or written instrument or device, and that the

1 person is holding ~~himself or herself~~themselves out to be a licensee, a  
2 certified public accountant, or a person holding a certificate under  
3 this chapter.

4 (2) The display or presentation by a person of a card, sign,  
5 advertisement, or other printed, engraved, or written instrument or  
6 device, bearing a person's name in conjunction with the words  
7 certified public accountant-inactive or any abbreviation thereof is  
8 prima facie evidence in any action brought under this chapter that  
9 the person whose name is so displayed caused or procured the display  
10 or presentation of the card, sign, advertisement, or other printed,  
11 engraved, or written instrument or device, and that the person is  
12 holding ~~himself or herself~~themselves out to be a certified public  
13 accountant-inactive under this chapter.

14 (3) In any action under subsection (1) or (2) of this section,  
15 evidence of the commission of a single act prohibited by this  
16 chapter is sufficient to justify an injunction or a conviction  
17 without evidence of a general course of conduct.

18

19 **Sec. 13.** RCW 18.04.390 and 2003 c 290 s 4 are each amended to  
20 read as follows:

21 (1) In the absence of an express agreement between the licensee  
22 or licensed firm and the client to the contrary, all statements,  
23 records, schedules, working papers, and memoranda made by a licensee  
24 or licensed firm incident to or in the course of professional  
25 service to clients, except reports submitted by a licensee or  
26 licensed firm, are the property of the licensee or licensed firm.

27 (2) No statement, record, schedule, working paper, or memorandum  
28 may be sold, transferred, or bequeathed without the consent of the  
29 client or ~~his or her~~the client's personal representative or  
30 assignee, to anyone other than one or more surviving partners,  
31 members, managers, shareholders, or new partners, members, managers  
32 or ~~new~~-shareholders of the licensee, partnership, limited liability  
33 company, or corporation, or any combined or merged partnership,  
34 limited liability company, or corporation, or successor in interest.

1 (3) A licensee shall furnish to the board or ~~to his or her~~the  
2 licensee's client or former client, upon request and reasonable  
3 notice:

4 (a) A copy of the licensee's working papers or electronic  
5 documents, to the extent that such working papers or electronic  
6 documents include records that would ordinarily constitute part of  
7 the client's records and are not otherwise available to the client;  
8 and

9 (b) Any accounting or other records belonging to, or obtained  
10 from or on behalf of, the client that the licensee removed from the  
11 client's premises or received for the client's account; the licensee  
12 may make and retain copies of such documents of the client when they  
13 form the basis for work done by him or her.

14 (4) (a) For a period of seven years after the end of the fiscal  
15 period in which a licensed firm concludes an audit or review of a  
16 client's financial statements, the licensed firm must retain records  
17 relevant to the audit or review, as determined by board rule.

18 (b) The board must adopt rules to implement this subsection,  
19 including rules relating to working papers and document retention.

20 (5) Nothing in this section should be construed as prohibiting  
21 any temporary transfer of workpapers or other material necessary in  
22 the course of carrying out peer reviews or as otherwise interfering  
23 with the disclosure of information pursuant to RCW 18.04.405.

24

25 **Sec. 14.** RCW 18.04.405 and 2022 c 85 s 19 are each amended to  
26 read as follows:

27 (1) A licensee or licensed firm, or any of their employees shall  
28 not disclose any confidential information obtained in the course of  
29 a professional transaction except with the consent of the client or  
30 former client or as disclosure may be required by law, legal  
31 process, the standards of the profession, or as disclosure of  
32 confidential information is permitted by ~~RCW 18.04.350 (7) and~~  
33 ~~(8)~~RCW 18.04.345 (10) (a) and (b), 18.04.295(9), 18.04.390, and this

34

1 section in connection with quality assurance, or peer reviews,  
2 investigations, and any proceeding under chapter 34.05 RCW.

3 (2) This section shall not be construed as limiting the  
4 authority of this state or of the United States or an agency of this  
5 state, the board, or of the United States to subpoena and use such  
6 confidential information obtained by a licensee, or any of their  
7 employees in the course of a professional transaction in connection  
8 with any investigation, public hearing, or other proceeding, nor  
9 shall this section be construed as prohibiting a licensee or  
10 certified public accountant whose professional competence has been  
11 challenged in a court of law or before an administrative agency from  
12 disclosing confidential information as a part of a defense to the  
13 court action or administrative proceeding.

14 (3) The proceedings, records, and work papers of a review  
15 committee shall be privileged and shall not be subject to discovery,  
16 subpoena, or other means of legal process or introduction into  
17 evidence in any civil action, arbitration, administrative  
18 proceeding, or board proceeding and no member of the review  
19 committee or person who was involved in the peer review process  
20 shall be permitted or required to testify in any such civil action,  
21 arbitration, administrative proceeding, or board proceeding as to  
22 any matter produced, presented, disclosed, or discussed during or in  
23 connection with the peer review process, or as to any findings,  
24 recommendations, evaluations, opinions, or other actions of such  
25 committees, or any members thereof. Information, documents, or  
26 records that are publicly available are not to be construed as  
27 immune from discovery or use in any civil action, arbitration,  
28 administrative proceeding, or board proceeding merely because they  
29 were presented or considered in connection with the quality  
30 assurance or peer review process.

31

32 **Sec. 15.** RCW 18.04.430 and 2022 c 85 s 20 are each amended to  
33 read as follows:

34

1 The board shall immediately suspend the license of a person who  
2 has been certified pursuant to RCW 74.20A.320 by the department of  
3 social and health services as a person who is not in compliance with  
4 a support order or a \*residential or visitation order. If the person  
5 has continued to meet all other requirements for reinstatement  
6 during the suspension, reissuance of the license or certificate  
7 shall be automatic upon the board's receipt of a release issued by  
8 the department of social and health services stating that the  
9 licensee is in compliance with the order.

10

11 **Sec. 16.** RCW 18.04.910 and 1983 c 234 s 35 are each amended to  
12 read as follows:

13 This act is necessary for the immediate preservation of the  
14 public peace, health, and safety, the support of the state  
15 government and its existing public institutions, and shall take  
16 effect on July 1, 1983.

17

18 **Sec. 17.** RCW 18.04.911 and 1986 c 295 s 24 are each amended to  
19 read as follows:

20 This act is necessary for the immediate preservation of the public  
21 peace, health, and safety, the support of the state government and its  
22 existing public institutions, and shall take effect on July 1, 1986,  
23 except as provided in this section. \*Section 5 of this act shall not  
24 become effective if sections 90(1) and 4 of Engrossed Substitute House  
25 Bill No. 1758 become law.

26

27 NEW SECTION. **Sec. 18.** The following sections are decodified:

28 (1) RCW 18.04.910 and 1983 c 234 s 35; and

29 (2) RCW 18.04.911 and 1986 c 295 s 24.

30

31 NEW SECTION. **Sec. 19.** If any provision of this act or its  
32 application to any person or circumstance is held invalid, the remainder  
33 of the act or the application of the provision to other persons or  
34 circumstances is not affected.