
SENATE BILL 5887

State of Washington

68th Legislature

2024 Regular Session

By Senators Stanford and Dozier

Prefiled 12/20/23.

1 AN ACT Relating to modifying the public accountancy act; amending
2 RCW 18.04.015, 18.04.025, 18.04.105, 18.04.180, 18.04.183, 18.04.195,
3 18.04.205, 18.04.215, 18.04.295, 18.04.345, 18.04.350, 18.04.380,
4 18.04.390, 18.04.405, and 18.04.430; and decodifying RCW 18.04.910
5 and 18.04.911.

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

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

9 ~~((1))~~ It is the policy of this state and the purpose of this
10 chapter:

11 ~~((a))~~ (1) To promote the dependability of information which is
12 used for guidance in financial transactions or for accounting for or
13 assessing the status or performance of commercial and noncommercial
14 enterprises, whether public, private or governmental; and

15 ~~((b))~~ (2) To protect the public interest by requiring that:

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

18 ~~((ii))~~ (b) A public authority be established that is competent
19 to prescribe and assess the qualifications of certified public
20 accountants;

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

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

9 ~~((v))~~ (e) The use of accounting titles likely to confuse the
10 public be prohibited. However as of June 30, 2024, an individual
11 holding a CPA-inactive certificate must be designated as a licensee
12 with an 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 the
27 activities of persons holding licenses and certificates under this
28 chapter. It is not the intent of chapter 294, Laws of 2001 to in any
29 way restrict or limit the activities of persons not holding licenses
30 or certificates under this chapter except as otherwise specifically
31 restricted or limited by chapter 234, Laws of 1983 and chapter 103,
32 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
35 board of accountancy with respect to the activities of persons
36 holding certificates under this chapter. Furthermore, it is not the
37 intent of chapter 103, Laws of 1992 to in any way restrict or limit
38 the activities of persons not holding certificates under this chapter
39 except as otherwise specifically restricted or limited by chapter
40 234, Laws of 1983.)~~

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

3 Unless the context clearly requires otherwise, the definitions in
4 this section apply throughout this chapter.

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

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

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

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

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

15 (2) "Board" means the board of accountancy created by RCW
16 18.04.035.

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

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

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

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

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

38 (8) "Holding out" means any representation to the public by the
39 use of restricted titles as set forth in RCW 18.04.345 by a person or
40 firm that the person or firm holds a license under this chapter and

1 that the person or firm offers to perform any professional services
2 to the public as a licensee. "Holding out" shall not affect or limit
3 a person or firm not required to hold a license under this chapter
4 from engaging in practices identified in RCW (~~18.04.350~~) 18.04.345.

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

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

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

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

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

17 (14) "NASBA" means the national association of state boards of
18 accountancy.

19 (15) "Peer review" means a study, appraisal, or review of one or
20 more aspects of the attest or compilation work of a licensee or
21 licensed firm in the practice of public accountancy, by a person or
22 persons who hold licenses and who are not affiliated with the person
23 or firm being reviewed, including a peer review, or any internal
24 review or inspection intended to comply with quality control policies
25 and procedures, but not including a quality assurance review.

26 (16) "Person" means any individual, nongovernmental organization,
27 or business entity regardless of legal form, including a sole
28 proprietorship, firm, partnership, corporation, limited liability
29 company, association, or not-for-profit organization, and including
30 the sole proprietor, partners, members, and, as applied to
31 corporations, the officers.

32 (17) "Practice of public accounting" means performing or offering
33 to perform by a person or firm holding itself out to the public as a
34 licensee, for a client or potential client, one or more kinds of
35 services involving the use of accounting or auditing skills,
36 including the issuance of "reports," or one or more kinds of
37 management advisory, or consulting services, or the preparation of
38 tax returns, or the furnishing of advice on tax matters. "Practice of
39 public accounting" shall not include practices that are permitted

1 under the provisions of RCW (~~(18.04.350(10))~~) 18.04.345(9)(b) by
2 persons or firms not required to be licensed under this chapter.

3 (18) "Practice privilege" means an authorization permitting the
4 practice of public accounting in Washington under RCW 18.04.350.

5 (19) "Principal place of business" means the office location
6 designated by the licensee for purposes of substantial equivalency
7 and reciprocity.

8 (~~((19))~~) (20) "Quality assurance review" means a process
9 established by and conducted at the direction of the board of study,
10 appraisal, or review of one or more aspects of the attest or
11 compilation work of a licensee or licensed firm in the practice of
12 public accountancy, by a person or persons who hold licenses and who
13 are not affiliated with the person or firm being reviewed.

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

35 (~~((21))~~) (22) "Review committee" means any person carrying out,
36 administering or overseeing a peer review authorized by the reviewee.

37 (~~((22))~~) (23) "Rule" means any rule adopted by the board under
38 authority of this chapter.

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

1 (24) "State" includes the states of the United States, the
2 District of Columbia, Puerto Rico, Guam, the United States Virgin
3 Islands, and the Commonwealth of the Northern Mariana Islands at such
4 time as the board determines that the Commonwealth of the Northern
5 Mariana Islands is issuing licenses under the (~~substantially~~
6 ~~equivalent~~) substantial equivalency standards in RCW
7 18.04.350(~~(+2)~~) (1)(a).

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

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

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

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

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

38 (c) Who has passed an examination;

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

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

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

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

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

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

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

1 certified public accountant examination shall be used only for costs
2 related to the examination.

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

8 (a) For applications to activate, the licensees must submit to
9 the board documentation that they have gained one year of experience
10 through the use of accounting, issuing reports, management advisory,
11 financial advisory, tax, tax advisory, or consulting skills, without
12 regard to the eight-year limitation set forth in (b) of this
13 subsection, while employed in government, industry, academia, or
14 public practice(~~(-)~~);

15 (b) For applications submitted to the board before January 1,
16 2024, the individual must provide documentation to the board that
17 they have one year of experience acquired within eight years prior to
18 applying for a license through the use of accounting, issuing
19 reports, management advisory, financial advisory, tax, tax advisory,
20 or consulting skills in government, industry, academia, or public
21 practice(~~(-)~~);

22 (c) Meet competency requirements in a manner as determined by the
23 board to be appropriate and established by board rule(~~(-)~~);

24 (d) Submit to the board satisfactory proof of having completed an
25 accumulation of one hundred twenty hours of CPE during the thirty-six
26 months preceding the date of filing the petition(~~(-)~~);

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

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

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

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

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

38 (c) The licensee must comply with the applicable CPE
39 requirements;

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

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

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

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

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

11 (c) The applicant meets the good character requirements of RCW
12 18.04.105(1) (a); and

13 (d) The applicant passed the examination required for issuance of
14 (~~(his or her)~~) a certificate or license with grades that would have
15 been passing grades at that time in this state and meets all current
16 requirements in this state for issuance of a license at the time
17 application is made; or at the time of the issuance of the
18 applicant's license in the other state, met all the requirements then
19 applicable in this state; or has three years of experience within the
20 five years immediately preceding application or had five years of
21 experience within the ten years immediately preceding application in
22 the practice of public accountancy that meets the requirements
23 prescribed by the board.

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

28 (3) A licensee who has been granted a license under the
29 reciprocity provisions of this section shall notify the board within
30 thirty days if the license or certificate issued in the other
31 jurisdiction has lapsed or if the status of the license or
32 certificate issued in the other jurisdiction becomes otherwise
33 invalid.

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

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

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

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

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

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

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

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

19 (4) The applicant has within the thirty-six months prior to
20 application completed an accumulation of one hundred twenty hours of
21 CPE as required under RCW 18.04.215(~~(+5)~~) (4). The board shall
22 provide for transition from existing to new CPE requirements;

23 (5) The applicant's foreign permit, license, or certificate was
24 the type of permit, license, or certificate requiring the most
25 stringent qualifications if, in the foreign country, more than one
26 type of permit, license, or certificate is issued. This state's board
27 shall decide which are the most stringent qualifications;

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

33 (7) The applicant has within the eight years prior to applying
34 for a license under this section, demonstrated, in accordance with
35 the rules issued by the board, (~~(one year of)~~) public accounting
36 experience, within the foreign country where the foreign permit,
37 license, or certificate was issued, equivalent to the experience
38 required under RCW 18.04.105(1)(d) or such other experience or
39 employment which the board in its discretion regards as
40 (~~(substantially equivalent)~~) having substantial equivalency.

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

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

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

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

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

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

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

24 (A) Complies with the qualifications described in subsection
25 (~~((3)(e), (4)(a), or (5)(e))~~) (2)(a) of this section;

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

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

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

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

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

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

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

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

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

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

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

23 ~~(a) ((At least one general partner of the partnership shall hold
24 and renew a license to practice under RCW 18.04.105 and 18.04.215,
25 or, in the case of a partnership that must obtain a license pursuant
26 to subsection (1)(a)(iii) of this section, be a licensee of another
27 state who meets the requirements in RCW 18.04.350(2);~~

28 ~~(b) Each resident individual in charge of an office in this state
29 shall hold and renew a license to practice under RCW 18.04.105 and
30 18.04.215;~~

31 ~~(c) At least a simple majority of the ownership of the licensed
32 firm in terms of financial interests and voting rights of all
33 partners or owners shall be held by persons who are licensees or
34 holders of a valid license issued under this chapter or by another
35 state. The principal partner of the partnership and any partner
36 having authority over issuing reports shall hold a license under this
37 chapter or issued by another state; and~~

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

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

6 ~~(a) At least a simple majority of the ownership of the licensed~~
7 ~~firm in terms of financial interests and voting rights of all~~
8 ~~shareholders or owners shall be held by persons who are licensees or~~
9 ~~holders of a valid license issued under this chapter or by another~~
10 ~~state and is principally employed by the corporation or actively~~
11 ~~engaged in its business. The principal officer of the corporation and~~
12 ~~any officer or director having authority over issuing reports shall~~
13 ~~hold a license under this chapter or issued by another state;~~

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

19 ~~(c) Each resident individual in charge of an office located in~~
20 ~~this state shall hold and renew a license under RCW 18.04.105 and~~
21 ~~18.04.215;~~

22 ~~(d) A written agreement shall bind the corporation or its~~
23 ~~shareholders to purchase any shares offered for sale by, or not under~~
24 ~~the ownership or effective control of, a qualified shareholder, and~~
25 ~~bind any holder not a qualified shareholder to sell the shares to the~~
26 ~~corporation or its qualified shareholders. The agreement shall be~~
27 ~~noted on each certificate of corporate stock. The corporation may~~
28 ~~purchase any amount of its stock for this purpose, notwithstanding~~
29 ~~any impairment of capital, as long as one share remains outstanding;~~

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

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

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

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

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

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

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

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

23 (b) All owners of a CPA firm, including nonlicensee owners, must
24 comply with rules promulgated by the board;

25 (c) The principal member, manager, officer, or partner of a CPA
26 firm having authority over issuing reports shall hold a license under
27 this chapter or be a licensee of another state who meets the
28 requirements in RCW 18.04.350; and

29 (d) Compliance with the requirements of RCW 18.04.205.

30 (3) Application for a license as a firm with an office in this
31 state shall be made upon the affidavit of ((the proprietor or
32 individual designated as managing partner, member, or shareholder for
33 Washington. This individual shall hold)) an individual holding a
34 license under RCW 18.04.215.

35 ~~((7))~~ (4) In the case of a firm licensed in another state and
36 required to obtain a license under subsection (1)(a)((iii)) (ii) of
37 this section, the application for the firm license shall be made upon
38 the affidavit of an individual who qualifies for practice privileges
39 in this state under RCW 18.04.350((2)) who has been authorized by

1 the applicant firm to make the application. The board shall determine
2 in each case whether the applicant is eligible for a license.

3 ~~((+8))~~ (5) The board shall be given notification within ninety
4 days after the admission or withdrawal of a partner, shareholder, or
5 member engaged in this state in the practice of public accounting
6 from any partnership, corporation, or limited liability company so
7 licensed.

8 ~~((+9))~~ (6) Licensed firms that fall out of compliance with the
9 provisions of this section due to changes in firm ownership, after
10 receiving or renewing a license, shall notify the board in writing
11 within ninety days of its falling out of compliance and propose a
12 time period in which they will come back into compliance. The board
13 may grant a reasonable period of time for a firm to be in compliance
14 with the provisions of this section. Failure to bring the firm into
15 compliance within a reasonable period of time, as determined by the
16 board, may result in suspension, revocation, or imposition of
17 conditions on the firm's license.

18 ~~((+10))~~ (7) Fees for the license as a firm and for notification
19 of the board of the admission or withdrawal of a partner,
20 shareholder, or member shall be determined by the board. Fees shall
21 be paid by the firm at the time the license application form or
22 notice of admission or withdrawal of a partner, shareholder, or
23 member is filed with the board.

24 ~~((+11) Nonlicensee owners of licensed firms are)~~ (8) Any CPA
25 firm licensed under this chapter may include nonlicensee owners
26 provided that the nonlicensee owner is:

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

29 (b) Required to be an individual;

30 (c) Required to be of good character, as defined in RCW
31 18.04.105(1)(a), and an active individual participant in the licensed
32 firm or affiliated entities as these terms are defined by board rule;
33 and

34 (d) Subject to discipline by the board for violation of this
35 chapter.

36 ~~((+12))~~ (9) Resident nonlicensee owners of licensed firms are
37 required to meet:

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

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

1 (~~(13)~~) (10)(a) Licensed firms must notify the board within
2 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 firm
8 owner by any federal or other state agency related to the licensee's
9 practice of public accounting or violation of ethical or technical
10 standards established by board rule; or

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

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

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

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

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

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

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

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

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

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

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

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

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

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

31 (b) Provide that an individual with an inactive license must
32 verify to the board that (~~he or she~~) the inactive licensee has
33 completed a board-approved ethics course for CPE during the last
34 three-year period to maintain the inactive license;

35 (c) Establish CPE requirements; and

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

38 (5) A certified public accountant who holds a license issued by
39 another state, and applies for a license in this state, may practice

1 in this state from the date of filing a completed application with
2 the board, until the board has acted upon the application provided
3 the application is made prior to holding out as a certified public
4 accountant in this state and no sanctions or investigations, deemed
5 by the board to be pertinent to public accountancy, by other
6 jurisdictions or agencies are in process.

7 (6) (a) A licensee shall submit to the board satisfactory proof of
8 having completed an accumulation of one hundred twenty hours of CPE
9 recognized and approved by the board during the preceding three
10 years. Failure to furnish this evidence as required shall make the
11 license lapse and subject to reinstatement procedures, unless the
12 board determines the failure to have been due to retirement or
13 reasonable cause.

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

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

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

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

34 (ii) Sanction or order against the licensee or nonlicensee owner
35 by any federal or other state agency related to the licensee's
36 practice of public accounting or the licensee's or nonlicensee
37 owner's violation of ethical or technical standards established by
38 board rule; or

39 (iii) The licensee or nonlicensee owner is notified that (~~he or~~
40 ~~she has~~) they have been charged with a violation of law that could

1 result in the suspension or revocation of a license by a federal or
2 other state agency, as identified by board rule, related to the
3 licensee's or nonlicensee owner's professional license, practice
4 rights, or violation of ethical or technical standards established by
5 board rule.

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

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

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

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

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

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

38 (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 license, or to report
12 changes to the board;

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

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

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

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

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

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

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

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

31 (1) (a) No individual may assume or use the designation "certified
32 public accountant-inactive" or "CPA-inactive" or any other title,
33 designation, words, letters, abbreviation, sign, card, or device
34 tending to indicate that the individual is a certified public
35 accountant-inactive or CPA-inactive unless the individual holds a
36 license in an inactive status. Individuals holding only an inactive
37 license may not practice public accounting.

38 (b) Nothing contained in this chapter prohibits any person who
39 holds only a valid license in an inactive status from assuming or

1 using the designation "certified public accountant-inactive" or "CPA-
2 inactive" or any other title, designation, words, letters, sign,
3 card, or device tending to indicate the person is in an inactive
4 status, provided, that such person does not perform or offer to
5 perform for the public one or more kinds of services involving the
6 use of accounting or auditing skills, including issuance of reports
7 or of one or more kinds of management advisory, financial advisory,
8 consulting services, the preparation of tax returns, or the
9 furnishing of advice on tax matters.

10 (2) (a) No individuals may hold ((himself or herself)) themselves
11 out to the public or assume or use the designation "certified public
12 accountant" or "CPA" or any other title, designation, words, letters,
13 abbreviation, sign, card, or device tending to indicate that the
14 individual is a certified public accountant or CPA unless the
15 individual qualifies for the privileges authorized by RCW
16 18.04.350((+2)) or holds a license under RCW 18.04.105 and
17 18.04.215.

18 (b) Nothing in this chapter prohibits the use of the title
19 "accountant" by any person regardless of whether the person holds a
20 license under this chapter. Nothing in this chapter prohibits the use
21 of the title "enrolled agent" or the designation "EA" by any person
22 regardless of whether the person holds a license under this chapter
23 if the person is properly authorized at the time of use to use the
24 title or designation by the United States department of the treasury.
25 The board shall by rule allow the use of other titles by any person
26 regardless of whether the person holds a license under this chapter
27 if the person using the titles or designations is authorized at the
28 time of use by a nationally recognized entity sanctioning the use of
29 board-authorized titles.

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

36 (3) (a) No firm with an office in this state may perform or offer
37 to perform attest services as defined in RCW 18.04.025(1) or
38 compilation services as defined in RCW 18.04.025(5) unless the firm
39 is licensed under RCW 18.04.195 and all offices of the firm in this
40 state are maintained and registered under RCW 18.04.205. This

1 subsection does not limit the services permitted under ((RCW
2 18.04.350(10))) subsection(9)(b) of this section by persons not
3 required to be licensed under this chapter.

4 (b) Nothing in this subsection prohibits any act of or the use of
5 any words by a public official or a public employee in the execution
6 of their duties when performing services as described in RCW
7 18.04.025 (1) and (5).

8 (4) (a) No firm may perform the services defined in RCW
9 18.04.025(1) in this state unless the firm is licensed under RCW
10 18.04.195, renews the firm license as required under RCW 18.04.215,
11 and all offices of the firm in this state are maintained and
12 registered under RCW 18.04.205.

13 (b) Nothing in this subsection prohibits any act of or the use of
14 any words by a public official or a public employee in the execution
15 of their duties when performing services as described in RCW
16 18.04.025(1).

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

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

30 (7) (a) No individual with an office in this state may sign,
31 affix, or associate ((~~his or her~~)) the individual's name or any trade
32 or assumed name used by the individual in ((~~his or her~~)) the person's
33 business to any report prescribed by professional standards unless
34 the individual holds a license to practice under RCW 18.04.105 and
35 18.04.215, a firm holds a license under RCW 18.04.195, and all of the
36 individual's offices in this state are registered under RCW
37 18.04.205.

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

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

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

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

11 (a) Qualifies for the practice privileges authorized by RCW
12 18.04.350(~~((2))~~); or

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

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

25 ~~((10))~~ (b) Nothing in this chapter prohibits any person or firm
26 composed of persons not holding a license under this chapter from
27 offering or rendering to the public bookkeeping, accounting, tax
28 services, the devising and installing of financial information
29 systems, management advisory, or consulting services, the preparation
30 of tax returns, or the furnishing of advice on tax matters, or
31 similar services, provided that persons or firms not holding a
32 license who offer or render these services do not designate any
33 written statement as a report as defined in RCW 18.04.025 or use any
34 language in any statement relating to the financial affairs of a
35 person or entity which is conventionally used by licensees in reports
36 or any attest service as defined in this chapter.

37 (c) Nothing in this chapter prohibits any person or firm composed
38 of persons not holding a license under this chapter from offering or
39 rendering to the public the preparation of financial statements, or
40 written statements describing how such financial statements were

1 prepared, provided that persons or firms not holding a license who
2 offer or render these services do not designate any written statement
3 as a report as defined in RCW 18.04.025, do not issue any written
4 statement that purports to express or disclaim an opinion on
5 financial statements that have been audited, and do not issue any
6 written statement that expresses assurance on financial statements
7 that have been reviewed. The board may prescribe, by rule, language
8 for the written statement describing how such financial statements
9 were prepared for use by persons not holding a license under this
10 chapter.

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

14 (10)(a) Nothing in this chapter prohibits a licensee, a licensed
15 firm, any of their employees, or persons qualifying for practice
16 privileges under RCW 18.04.350 from disclosing any data in confidence
17 to other certified public accountants, quality assurance or peer
18 review teams, partnerships, limited liability companies, or
19 corporations of certified public accountants or to the board or any
20 of its employees while engaged in conducting quality assurance or
21 peer reviews, or any one of their employees in connection with
22 quality or peer reviews of that accountant's accounting and auditing
23 practice conducted under the auspices of recognized professional
24 associations.

25 (b) Nothing in this chapter prohibits a licensee, a licensed
26 firm, any of their employees, or persons qualifying for practice
27 privileges under RCW 18.04.350 from disclosing any data in confidence
28 to any employee, representative, officer, or committee member of a
29 recognized professional association, or to the board, or any of its
30 employees or committees in connection with a professional
31 investigation held under the auspices of recognized professional
32 associations or the board.

33 (11) A licensee of this state offering or rendering services or
34 using their CPA title in another state shall be subject to
35 disciplinary action in this state for an act committed in another
36 state for which the licensee would be subject to discipline for an
37 act committed in the other state. Notwithstanding RCW 18.04.295 and
38 this section, the board shall cooperate with and investigate any
39 complaint made by the board of accountancy of another state or
40 jurisdiction.

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

8 (~~(11)~~) (13) Notwithstanding anything to the contrary in this
9 section, it is not a violation of this section for a firm that does
10 not hold a valid license under RCW 18.04.195 and that does not have
11 an office in this state to use the title "CPA" or "certified public
12 accountant" as part of the firm's name and to provide its
13 professional services in this state, and licensees and individuals
14 with practice privileges may provide services on behalf of such firms
15 so long as it complies with the requirements of RCW 18.04.195(1). An
16 individual or firm authorized under this subsection to use practice
17 privileges in this state must comply with the requirements otherwise
18 applicable to licensees in this section.

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

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

28 (~~2~~) An individual whose principal place of business is not in
29 this state shall be presumed to have qualifications (~~substantially~~
30 ~~equivalent~~) having substantial equivalency to this state's
31 requirements and shall have all the privileges of licensees of this
32 state without the need to obtain a license under RCW 18.04.105 if the
33 individual:

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

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

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

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

9 (b) Holds a valid license or certificate as a certified public
10 accountant from any state (~~that does not meet the requirements of~~
11 ~~(a) of this subsection, but such individual's qualifications are~~
12 ~~substantially equivalent to those requirements)) or jurisdiction of
13 ~~the United States whose licensing requirements do not meet the~~
14 ~~requirements of (a) of this subsection, but the individual's~~
15 ~~qualifications have substantial equivalency to the requirements of~~
16 ~~this state.~~ Any individual who passed the uniform certified public
17 accountant examination and holds a valid license issued by any other
18 state prior to January 1, 2012, may be exempt from the education
19 requirements in (a) (~~(i)~~) of this subsection for purposes of this
20 section.~~

21 (~~(3)~~) (2) Notwithstanding any other provision of law, an
22 individual who qualifies for the practice privilege under
23 (~~subsection (2) of~~) this section may offer or render professional
24 services, whether in person or by mail, telephone, or electronic
25 means, and no notice, fee, or other submission shall be provided by
26 any such individual. Such an individual shall be subject to the
27 requirements of subsection (~~(4)~~) (3) of this section.

28 (~~(4)~~) (3) Any individual licensee of another state exercising
29 the privilege afforded under (~~subsection (2) of~~) this section and
30 the firm that employs that licensee simultaneously consent, as a
31 condition of exercising this privilege:

32 (a) To the personal and subject matter jurisdiction and
33 disciplinary authority of the board;

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

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

39 (d) To the appointment of the state board which issued the
40 certificate or license as their agent upon whom process may be served

1 in any action or proceeding by this state's board against the
2 certificate holder or licensee.

3 ~~((5))~~ (4) An individual who qualifies for practice privileges
4 under ~~((subsection (2) of))~~ this section who performs any attest
5 service described in RCW 18.04.025(1) may only do so through a firm
6 which has obtained a license under RCW 18.04.195 and 18.04.215 or
7 which meets the requirements for an exception from the firm licensure
8 requirements under RCW 18.04.195(1) (a) (ii) or (b).

9 ~~((6) 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 ~~(7) Nothing in this chapter prohibits a licensee, a licensed
18 firm, any of their employees, or persons qualifying for practice
19 privileges by this section from disclosing any data in confidence to
20 other certified public accountants, quality assurance or peer review
21 teams, partnerships, limited liability companies, or corporations of
22 certified public accountants or to the board or any of its employees
23 engaged in conducting quality assurance or peer reviews, or any one
24 of their employees in connection with quality or peer reviews of that
25 accountant's accounting and auditing practice conducted under the
26 auspices of recognized professional associations.~~

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

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

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

1 ~~(b) From describing himself or herself by the position, title, or~~
2 ~~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 preparation~~
8 ~~of tax returns, or the furnishing of advice on tax matters, or~~
9 ~~similar services, provided that persons, partnerships, limited~~
10 ~~liability companies, or corporations not holding a license who offer~~
11 ~~or render these services do not designate any written statement as a~~
12 ~~report as defined in RCW 18.04.025(20) or use any language in any~~
13 ~~statement relating to the financial affairs of a person or entity~~
14 ~~which is conventionally used by licensees in reports or any attest~~
15 ~~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 opinion~~
25 ~~on financial statements that have been audited, and do not issue any~~
26 ~~written statement that expresses assurance on financial statements~~
27 ~~that have been reviewed. The board may prescribe, by rule, language~~
28 ~~for the written statement describing how such financial statements~~
29 ~~were prepared for use by persons not holding a license under this~~
30 ~~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 ~~(13) Nothing contained in this chapter prohibits any person who~~
35 ~~holds only a valid license in an inactive status from assuming or~~
36 ~~using the designation "certified public accountant-inactive" or "CPA-~~
37 ~~inactive" or any other title, designation, words, letters, sign,~~
38 ~~card, or device tending to indicate the person is in an inactive~~
39 ~~status, provided, that such person does not perform or offer to~~
40 ~~perform for the public one or more kinds of services involving the~~

1 use of accounting or auditing skills, including issuance of reports
2 or of one or more kinds of management advisory, financial advisory,
3 consulting services, the preparation of tax returns, or the
4 furnishing of advice on tax matters.

5 ~~(14) Nothing in this chapter prohibits the use of the title~~
6 ~~"accountant" by any person regardless of whether the person holds a~~
7 ~~license under this chapter. Nothing in this chapter prohibits the use~~
8 ~~of the title "enrolled agent" or the designation "EA" by any person~~
9 ~~regardless of whether the person holds a license under this chapter~~
10 ~~if the person is properly authorized at the time of use to use the~~
11 ~~title or designation by the United States department of the treasury.~~
12 ~~The board shall by rule allow the use of other titles by any person~~
13 ~~regardless of whether the person holds a license under this chapter~~
14 ~~if the person using the titles or designations is authorized at the~~
15 ~~time of use by a nationally recognized entity sanctioning the use of~~
16 ~~board authorized titles.))~~ (5) An individual who qualifies for
17 practice privileges under this section who performs services for
18 which a firm license is required under RCW 18.04.195 and 18.04.215,
19 shall not be required to obtain licensure under RCW 18.04.105 and
20 18.04.215.

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

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

34 (2) The display or presentation by a person of a card, sign,
35 advertisement, or other printed, engraved, or written instrument or
36 device, bearing a person's name in conjunction with the words
37 certified public accountant-inactive or any abbreviation thereof is
38 prima facie evidence in any action brought under this chapter that
39 the person whose name is so displayed caused or procured the display

1 or presentation of the card, sign, advertisement, or other printed,
2 engraved, or written instrument or device, and that the person is
3 holding (~~himself or herself~~) themselves out to be a certified public
4 accountant-inactive under this chapter.

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

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

11 (1) In the absence of an express agreement between the licensee
12 or licensed firm and the client to the contrary, all statements,
13 records, schedules, working papers, and memoranda made by a licensee
14 or licensed firm incident to or in the course of professional service
15 to clients, except reports submitted by a licensee or licensed firm,
16 are the property of the licensee or licensed firm.

17 (2) No statement, record, schedule, working paper, or memorandum
18 may be sold, transferred, or bequeathed without the consent of the
19 client or (~~his or her~~) the client's personal representative or
20 assignee, to anyone other than one or more surviving partners,
21 members, managers, shareholders, or new partners, members, managers,
22 or (~~new~~) shareholders of the licensee, partnership, limited
23 liability company, or corporation, or any combined or merged
24 partnership, limited liability company, or corporation, or successor
25 in interest.

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

29 (a) A copy of the licensee's working papers or electronic
30 documents, to the extent that such working papers or electronic
31 documents include records that would ordinarily constitute part of
32 the client's records and are not otherwise available to the client;
33 and

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

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

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

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

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

13 (1) A licensee or licensed firm, or any of their employees shall
14 not disclose any confidential information obtained in the course of a
15 professional transaction except with the consent of the client or
16 former client or as disclosure may be required by law, legal process,
17 the standards of the profession, or as disclosure of confidential
18 information is permitted by RCW (~~(18.04.350 (7) and (8))~~)
19 18.04.345(10) (a) and (b), 18.04.295(9), 18.04.390, and this section
20 in connection with quality assurance, or peer reviews,
21 investigations, and any proceeding under chapter 34.05 RCW.

22 (2) This section shall not be construed as limiting the authority
23 of this state or of the United States or an agency of this state, the
24 board, or of the United States to subpoena and use such confidential
25 information obtained by a licensee, or any of their employees in the
26 course of a professional transaction in connection with any
27 investigation, public hearing, or other proceeding, nor shall this
28 section be construed as prohibiting a licensee or certified public
29 accountant whose professional competence has been challenged in a
30 court of law or before an administrative agency from disclosing
31 confidential information as a part of a defense to the court action
32 or administrative proceeding.

33 (3) The proceedings, records, and work papers of a review
34 committee shall be privileged and shall not be subject to discovery,
35 subpoena, or other means of legal process or introduction into
36 evidence in any civil action, arbitration, administrative proceeding,
37 or board proceeding and no member of the review committee or person
38 who was involved in the peer review process shall be permitted or
39 required to testify in any such civil action, arbitration,

1 administrative proceeding, or board proceeding as to any matter
2 produced, presented, disclosed, or discussed during or in connection
3 with the peer review process, or as to any findings, recommendations,
4 evaluations, opinions, or other actions of such committees, or any
5 members thereof. Information, documents, or records that are publicly
6 available are not to be construed as immune from discovery or use in
7 any civil action, arbitration, administrative proceeding, or board
8 proceeding merely because they were presented or considered in
9 connection with the quality assurance or peer review process.

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

12 The board shall immediately suspend the license of a person who
13 has been certified pursuant to RCW 74.20A.320 by the department of
14 social and health services as a person who is not in compliance with
15 a support order or a (~~residential or~~) visitation order. If the
16 person has continued to meet all other requirements for reinstatement
17 during the suspension, reissuance of the license (~~or certificate~~)
18 shall be automatic upon the board's receipt of a release issued by
19 the department of social and health services stating that the
20 licensee is in compliance with the order.

21 NEW SECTION. **Sec. 16.** The following sections are decodified:

- 22 (1) RCW 18.04.910 (Effective date—1983 c 234); and
23 (2) RCW 18.04.911 (Effective date—1986 c 295).

24 NEW SECTION. **Sec. 17.** If any provision of this act or its
25 application to any person or circumstance is held invalid, the
26 remainder of the act or the application of the provision to other
27 persons or circumstances is not affected.

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