



UNITED STATES OF AMERICA
FEDERAL TRADE COMMISSION
WASHINGTON, D.C. 20580

**Bureau of Competition
Office of the Director**

March 18, 1996

The Honorable **Jean Silver**
Chair, House Ways and Means Committee
House of Representatives
State of Washington
204 John L. O'Brien Building
P.O. Box 40612
Olympia, Washington 98504-0612

Dear Representative Silver:

The staff of the Federal Trade Commission⁽¹⁾ is pleased to respond to your request for comment on Washington Administrative Code 4-25-710, a rule we understand to have been promulgated by the Washington State Board of Accountancy under the discretionary authority granted it by statute.⁽²⁾ The rule in its current form would, as of July 1, 2000, require that candidates for Certified Public Accountant ("CPA") status have earned at least 150 semester hours of undergraduate academic credit, a requirement that exceeds the present four-year requirement. Your letter expresses two concerns: that this change would have a fiscal impact on Washington's institutions of higher education, and that it would injure competition and consumers by restricting entry into the CPA field. As you request, we undertake to address the latter concern. We conclude that such a requirement could increase prices for consumers of CPA services. While the requirement may nonetheless be justified by other considerations, we suggest that the case for imposing it be examined closely.

I. Interest and Experience of the Federal Trade Commission.

The Federal Trade Commission is empowered to prevent unfair methods of competition and unfair or deceptive acts or practices in or affecting commerce.⁽³⁾ Pursuant to this statutory mandate, the Commission encourages competition in the licensed professions to the maximum extent compatible with other state and federal goals. For several years, the Commission has investigated the competitive effects of restrictions on the business practices of state-licensed professions, including accountants and such other professionals as dentists, physicians, pharmacists, and social workers.⁽⁴⁾ In addition, the staff has submitted comments about these issues to state legislatures and administrative agencies and others.⁽⁵⁾ As one of the two federal agencies with principal responsibility for enforcing antitrust laws, the Commission is particularly interested in restrictions that may adversely affect the competitive process and raise prices (or decrease quality) to consumers. And as an agency charged with a broad responsibility for consumer protection, the Commission is also concerned about acts or practices in the market that injure consumers through unfairness or deception.



