

Detor & Williams

Certified Public Accountants | A Professional Corporation

We Support HB 2258 Relating to Public Accountancy!

House Committee on Consumer Protection and Commerce
Conference Room 325, Monday, February 4, 2008 at 2:00 p.m.

Chair Herkes, Vice Chair McKelvey, and Committee members:

We respectfully ask that you support our efforts to allow to serve our local clientele wherever they may choose to do business by relieving CPAs here and elsewhere of the myriad of different state requirements for licensure, registration, or temporary permits.

We are among the partners, managers, and staff of Detor & Williams, Certified Public Accountants, and we urge your support of HB 2258.

Jerry Mizalci

Robert A. Fung

Dan S. Lee

Emily Jean Simon

[Signature]

Kang You Lam

[Signature]

[Signature]

[Signature]

[Signature]

[Signature]

[Signature]

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Detor & Williams

Certified Public Accountants | A Professional Corporation

In Support of HB 2258 Relating to Public Accountancy

House Committee on Consumer Protection and Commerce
Conference Room 325, Monday, February 4, 2008 at 2:00 p.m.

Chair Herkes, Vice Chair McKelvey, and Committee members:

I respectfully ask that you support HB 2258 to allow greater mobility for CPAs.

Our firm is among many in Hawaii dedicated to serving local clientele who have financial interests throughout the country. As we have grown from a professional staff of two partners and one staff over the past 20 years, we have been faced with a myriad of different state requirements for licensure, registration, or temporary permits for out-of-state CPAs that practice temporarily in another state simply to serve our local clientele.

The National Association of State Board of Accountancy (NASBA), the American Institute of Certified Public Accountants (AICPA) and other accounting organizations have undertaken a campaign to provide more choice to business organizations that require our services, wherever they may be, by easing the regulatory burden for all CPAs in all states, while improving the quality of the profession in states that are not substantially equivalent to our own. I support their efforts and hope that you will too.



Carleton L. Williams
Partner

Ronald I. Heller
700 Bishop Street, Suite 1500
Honolulu, Hawaii 96813

phone 808 523 6000 fax 808 523 6001
rheller@torkildson.com

**TESTIMONY BEFORE HOUSE COMMITTEE
ON CONSUMER PROTECTION & COMMERCE**

Re: House Bill 2258

**Monday, February 4, 2008 at 2:00 pm
State Capitol – Conference Room 325**

Chair Herkes, Vice-Chair McKelvey, and Members of the Committee:

My name is Ronald Heller. I am a practicing attorney, and also licensed as a Certified Public Accountant. I support House Bill 2258.

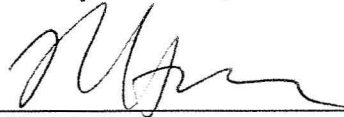
In today's world, with an increasing amount of business being done over the Internet, it is difficult if not impossible for a CPA to practice without ever communicating across state lines, or performing services for clients who may be engaged in business in more than one state. However, since CPA licensing is done on a state-by-state basis, there is a tremendous amount of confusion and debate about when a CPA is required to register with some governmental authority outside of his or her home state.

This bill is basically designed to make all of that confusion irrelevant. It creates a clear rule for the protection of the public in Hawaii – any CPA who engages in practice in Hawaii, whether physically present in the State or not, is automatically subject to the jurisdiction of our State Board of Accountancy and of our State courts.

This allows CPAs to participate actively in a nationwide marketplace for services, increasing choices for the purchasers of services. We cannot build a wall around Hawaii and

keep everyone out; what we need is a rule that says all CPAs practicing in Hawaii, either physically or electronically, are subject to the same rules, and to the same process for enforcing the rules, even if their residence and home office are in some other state.

Respectfully submitted,



Ronald I. Heller

Isaac W. Choy, CPA
2733 E. Manoa Road
Honolulu, Hawaii 96822
Phone (808) 988 5757

Testimony
Of
Isaac W. Choy
Opposition of HB 2258

The reasons for my opposition are as follows:

1. Giving away Hawaii's jobs to persons from out of state does not do our state any good.
2. Having the out of state accountants come in with no notice, does not enhance the protection of the public.
3. Having out of state accountants pay no fees but making local accountants pay fees is not fair.

Respectfully submitted,

Isaac W. Choy, CPA

**PRESENTATION OF THE
BOARD OF PUBLIC ACCOUNTANCY**

TO THE HOUSE COMMITTEE ON
CONSUMER PROTECTION & COMMERCE

TWENTY-FOURTH LEGISLATURE
Regular Session of 2008

Monday, February 4, 2008
2:00 p.m.

**TESTIMONY ON HOUSE BILL NO. 2258, RELATING TO PUBLIC
ACCOUNTANCY.**

TO THE HONORABLE ROBERT N. HERKES, CHAIR,
AND MEMBERS OF THE COMMITTEE:

My name is Howard Todo and I am the Chairperson of the Board of Public Accountancy ("Board"). Thank you for the opportunity to present testimony on behalf of the Board on House Bill No. 2258, Relating to Public Accountancy.

The purpose of this bill is to authorize out-of-State certified public accountants to practice temporarily in the State without a license or permit.

I would like to preface my comments by informing the Committee that the Board has not yet held a meeting at which the language or substance of this bill has been available, in order for the Board to review and vote on a position. Such a meeting has been scheduled for this Thursday, February 7, 2008, after which the Board will be prepared to report its position to this Committee.

The Board did have the opportunity to discuss, at its meeting of October 5, 2007, a preliminary proposal by the proponents of this measure along with supporting documentation from the American Institute of Certified Public Accountants ("AICPA") and the National Association of State Boards of

Accountancy (“NASBA”) that explained the concept of “practice mobility” or “practice privilege”. The Board reviewed an analysis, in a memorandum dated August 9, 2007, conducted by Fried, Frank, Harris, Shriver & Jacobson LLP, a law firm commissioned by the AICPA and NASBA to address the issue of whether a CPA who is licensed to practice in one state (the “license state”) and practices in another state (the “practice privilege state”) would be subject to personal jurisdiction and disciplinary action in the practice privilege state, including the potential revocation of the CPA’s privilege to practice, by the accountancy board of the practice privilege state for improper professional behavior/conduct in that state. The Board believes that this issue is of major importance to the enhancement of public protection by giving the Board full and automatic jurisdiction over out-of-State CPAs who provide services in Hawaii.

In addition, the Board discussed the overall concept of mobility, the ability of CPAs and CPA firms to offer their services to consumers in multiple states, while meeting urgent client needs without having to satisfy confusing and often redundant licensing or notification procedures in these multiple states. The Board looked at how practice mobility would benefit consumers of accounting services by giving them immediate access to services from the CPAs of their choice, so long as those CPAs are currently licensed in states with licensure requirements that meet the standards of the Uniform Accountancy Act (“UAA”), or the CPAs individually meet those standards.

Looking at the larger national picture, the Board understands that various states and jurisdictions have adopted different versions of the current substantial equivalency provision of the UAA – including widely divergent notice and fee requirements – and by doing so have created substantial barriers to cross-border practice. CPAs who practice outside their license state are finding it difficult to comply with the different requirements. For instance, some states require advance notice prior to allowing practice based on substantial equivalency, while other states (including Hawaii) require advance certification of a CPA's licensure by the state regulator in the CPA's license state. The result of these and other requirements is a time-consuming and burdensome system in which CPAs cannot serve clients with operations in multiple jurisdictions without expending considerable time and effort on locating, understanding, and fulfilling the patchwork of local requirements. This is particularly burdensome for smaller firms and sole practitioners.

It is also the Board's understanding that practice mobility will improve the current system by renewing the focus on uniformity and consistency and by removing the myriad number of notice and fee requirements, while at the same time explicitly providing that Hawaii, as the practice privilege state, would have automatic disciplinary jurisdiction over CPAs and CPA firms that provide services based on the provisions for mobility.

Testimony on House Bill No. 2258
Monday, February 4, 2008
Page 4

Based on the information available at its meeting, the Board voted to support the concept of practice mobility as presented by NASBA to the Board in the August 9, 2007 memorandum from Fried, Frank, Harris, Shriver & Jacobson LLP to the AICPA UAA Committee and the NASBA UAA Committee, and as provided to the Board by NASBA.

As mentioned at the beginning of my testimony, the Board will meet on February 7, 2008 to review and discuss this measure, and will be prepared to report its position to the Legislature subsequent to that meeting.

Thank you for the opportunity to provide testimony.

Ann Fukuhara, CPA MBA
An Accountancy Corporation

714 Kanoelchua Avenue
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Hilo, Hawaii 96721
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Fax (808) 934-8589

**Before the Committee on Consumer Protection
And Commerce**

Monday, February 4, 2008 at 2:00 p.m.
Conference Room 325

Re: Opposition to HB2258
Relating to Public Accountancy

Testimony of: Ann Fukuhara

Chair Herkes, Vice-chair McKelvey, and committee members:

I oppose HB2258. I am a certified public accountant and have been practicing in the State of Hawaii for more than 13 years. This bill is intended to achieve the same results as HB939 which was heard and held by this committee last year, except that it authorizes the Board of Public Accountancy to enact rules that would accomplish the same thing – i.e., allow less-qualified foreign and out-of-state CPAs to practice public accountancy in Hawaii on a permanent basis without a Hawaii license or permit to practice, and without payment of fees or giving notice to the Board.

This legislation, now termed "mobility" legislation, was formerly promoted for a number of years as "reciprocity", "substantial equivalency", and "practice privileges" by the Hawaii Accountants' Coalition (Big 4 international CPA firms) and has been promoted and supported "in concept" by the Board of Public Accountancy, as evidenced by two separate Board votes on this matter in 2007.


I oppose this "no notice, no fees" mobility legislation, which would involve the following:

- Grants permanent rights to practice public accountancy in Hawaii to foreigners (non-Americans) and out-of-state CPAs without having to obtain a Hawaii CPA license or permit-to-practice.
- Hawaii already grants temporary permits-to-practice to accommodate out-of-state CPAs.
- Lower CPA licensing standards for foreign and out-of-state CPAs who practice in Hawaii versus higher standards that must be met by Hawaii-licensed CPAs. For example, Hawaii's experience requirement of 1,500 hours of audit experience or two years of public accounting experience or its equivalent is higher than the model Uniform Accountancy Act's (UAA) standard of one year of general experience. In addition, under the UAA, foreigners can take certain "substitute" foreign accounting exams in lieu of passing the U.S. AICPA CPA exam.

- No payment of Hawaii licensing fees for foreign and out-of-state CPAs practicing in Hawaii despite higher costs of enforcement against these foreign and out-of-state CPA practitioners. Hawaii CPAs would have to shoulder the entire burden of the state's CPA licensing fees, and those fees would probably be increased with the loss of fees from foreign and out-of-state practitioners and increased enforcement costs against foreign and out-of-state practitioners.
- No notice to the Hawaii Board of Public Accountancy by foreigners or out-of-state CPAs practicing public accountancy in Hawaii. Hawaii consumers could no longer readily determine who is allowed to practice as a CPA in Hawaii without searching through 54 other accounting jurisdictions.
- No restriction on solicitation in Hawaii by foreign or out-of-state CPAs.
- No Hawaii professional continuing education requirements that must be met by foreign or out-of-state practitioners in contrast to continuing professional education required for Hawaii CPAs.
- No similar practice rights for Hawaii CPA practitioners in other states or countries unless other states and countries enact this legislation. Only a handful (approximately 10) of primarily Midwest states have enacted similar legislation.
- State legislative control of licensing matters for foreign and out-of-state CPAs practicing in Hawaii would be relinquished to the AICPA and NASBA, two large, national, private membership organizations. The proposed legislation contemplates the AICPA/NASBA Uniform Accountancy model act (UAA) as the determining authority as to which foreign and out-of-state CPAs can permanently practice in Hawaii without a Hawaii license and permit-to-practice. If enacted, the AICPA and NASBA can and will modify each state's licensing laws whenever they modify the UAA, without legislative hearings or input from Hawaii consumers or other interested parties.
- International "mobility" provisions will likely result in a net loss of accounting jobs for Hawaii residents since foreigners will be filling those jobs through foreign in-sourcing.
- Fabricates a false solution for a problem that doesn't exist. Although others have argued that mobility legislation is necessary to allow practitioners to prepare out-of-state tax returns because of the new electronic age, CPAs and other tax practitioners have been preparing out-of-state tax returns for decades as a matter of practice, and the Hawaii State Tax Department has no restriction on out-of-state tax preparers preparing Hawaii tax returns.

I urge this committee to oppose HB2258 for the reasons stated above, and because I strongly disagree with the Board's position on this matter. Thank you for this opportunity to testify.

Ann Fukuhara, CPA MBA, An Accountancy Corporation



Ann Fukuhara, CPA MBA

Bill No. HB 2258 Talking Points

Relating to the regulation of the practice of public accountancy by certain out-of-state license holders,

1. Most states have substantially equivalent education, experience and testing requirements that must be met before a certificate as a certified public accountant is awarded to an individual. All other states have state regulatory requirements for practicing CPAs. With the increased mobility of the business community and the continuing development of electronic commerce, many CPAs practice public accounting in more than one state. The public users of accounting and auditing services frequently require their CPA and CPA firm to provide services in more than one state, sometimes with very short notice.
2. Currently each state has different requirements for licensure, registration or temporary permits for out-of-state CPAs that practice temporarily in the state. These many and varied requirements frequently interfere with the public's need to ask the CPA or CPA firm to provide professional services on short notice in their state. HB 2258 will allow out-of-state CPAs and CPA firms to respond to the public's needs while continuing to ensure their appropriate regulation and discipline, regardless of the state of original licensure.
3. The bill concept:
 - a. will make it clear that the Hawaii State Board of Public Accountancy (Board) may discipline CPA licensees from other states that practice in Hawaii
 - b. will provide that a CPA firm must be licensed in Hawaii to provide audit services to any entity with its home office in Hawaii
 - c. for all other public accounting services, the bill allows substantially equivalent CPAs licensed in other states to practice in Hawaii without a Hawaii license or notice or registration with the State Board of Accountancy. Of course, if they relocate to Hawaii or establish an office in Hawaii, they must be licensed in Hawaii.
 - d. an out-of-state CPA must meet the substantially equivalent requirement in this state (education, exam, experience)
 - e. an out-of-state CPA must be subject to a peer review program if they perform any attest services for entities with a Hawaii home office

mckelvey3

From: Darlene Ferrantino [darlenejof@yahoo.com]
Sent: Friday, February 01, 2008 12:59 PM
To: CPCtestimony
Cc: darlene ferrantino
Subject: HB2258

I am a licensed CPA in Hawaii and licensed to practice in Hawaii.

With regards to this bill, I am against the mobility bill as it is not fair to in-state practicing CPAs who have licenses.

We pay our licensing fees, we pay our registration and we comply with continuing education requirements which I report to the Board.

I do not believe it is fair to allow out-of-state CPAs to come into Hawaii and practice without meeting the same requirements above that I have to.

The reciprocity issue IS fair IF and only IF the out-of-state CPAs practice in Hawaii on an occasional basis and reports to the Board, but to extend this on a PERMANENT BASIS to out of state CPAs is not acceptable.

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mckelvey3

From: Rachael Peterson [petersonrach@yahoo.com]

Sent: Friday, February 01, 2008 4:47 PM

To: CPCtestimony

Subject: oppose HB2258

*Rachael Peterson
64 Kunihi Ln
Kahului, HI 96732*

**Before the Committee on Consumer Protection
And Commerce**

**Monday, February 4, 2008 at 2:00 p.m.
Conference Room 325**

Re: Opposition to HB2258
Relating to Public Accountancy

Testimony of Rachael Peterson

Chair Herkes, Vice-chair McKelvey, and committee members:

I oppose HB2258. I am a student at UH West Oahu seeking degree in accounting, and an accounting firm employee. This bill is intended to achieve the same results as HB939 which was heard and held by this committee last year, except that it authorizes the Board of Public Accountancy to enact rules that would accomplish the same thing – i.e., allow less-qualified foreign and out-of-state CPAs to practice public accountancy in Hawaii on a permanent basis without a Hawaii license or permit to practice, and without payment of fees or giving notice to the Board. This is not right!

This legislation, now termed “mobility” legislation, was formerly promoted for a number of years as “reciprocity”, “substantial equivalency”, and “practice privileges” by the Hawaii Accountants’ Coalition (Big 4 international CPA firms) and has been promoted and supported “in concept” by the Board of Public Accountancy, as evidenced by two separate Board votes on this matter in 2007.

I strongly oppose this “no notice, no fees” mobility legislation, which would involve the following:

- Grants permanent rights to practice public accountancy in Hawaii to foreigners (non-Americans) and out-of-state CPAs without having to obtain a Hawaii CPA license or permit-to-practice.
- Hawaii already grants temporary permits-to-practice to accommodate out-of-state CPAs.

- Lower CPA licensing standards for foreign and out-of-state CPAs who practice in Hawaii versus higher standards that must be met by Hawaii-licensed CPAs. For example, Hawaii's experience requirement of 1,500 hours of audit experience or two years of public accounting experience or its equivalent is higher than the model Uniform Accountancy Act's (UAA) standard of one year of general experience. In addition, under the UAA, foreigners can take certain "substitute" foreign accounting exams in lieu of passing the U.S. AICPA CPA exam.
- No payment of Hawaii licensing fees for foreign and out-of-state CPAs practicing in Hawaii despite higher costs of enforcement against these foreign and out-of-state CPA practitioners. Hawaii CPAs would have to shoulder the entire burden of the state's CPA licensing fees, and those fees would probably be increased with the loss of fees from foreign and out-of-state practitioners and increased enforcement costs against foreign and out-of-state practitioners.
- No notice to the Hawaii Board of Public Accountancy by foreigners or out-of-state CPAs practicing public accountancy in Hawaii. Hawaii consumers could no longer readily determine who is allowed to practice as a CPA in Hawaii without searching through 54 other accounting jurisdictions.
- No restriction on solicitation in Hawaii by foreign or out-of-state CPAs.
- No Hawaii professional continuing education requirements that must be met by foreign or out-of-state practitioners in contrast to continuing professional education required for Hawaii CPAs.
- No similar practice rights for Hawaii CPA practitioners in other states or countries unless other states and countries enact this legislation. Only a handful (approximately 10) of primarily Midwest states have enacted similar legislation.
- State legislative control of licensing matters for foreign and out-of-state CPAs practicing in Hawaii would be relinquished to the AICPA and NASBA, two large, national, private membership organizations. The proposed legislation contemplates the AICPA/NASBA Uniform Accountancy model act (UAA) as the determining authority as to which foreign and out-of-state CPAs can permanently practice in Hawaii without a Hawaii license and permit-to-practice. If enacted, the AICPA and NASBA can and will modify each state's licensing laws whenever they modify the UAA, without legislative hearings or input from Hawaii consumers or other interested parties.
- International "mobility" provisions will likely result in a net loss of accounting jobs for Hawaii residents since foreigners will be filling those jobs through foreign in-sourcing.
- Fabricates a false solution for a problem that doesn't exist. Although others have argued that mobility legislation is necessary to allow practitioners to prepare out-of-state tax returns because of the new electronic age, CPAs and other tax practitioners have been preparing out-of-state tax returns for decades as a matter of practice, and the Hawaii State Tax Department has no restriction on out-of-state tax preparers preparing Hawaii tax returns.

I urge this committee to oppose HB2258 for the reasons stated above, and because I strongly disagree with the Board's position on this matter. Thank you for this opportunity to testify.

Respectfully submitted,

Rachael Peterson
808-877-2495

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Before the House Committee on
Consumer Protection and Commerce

Monday, February 4, 2008
2:00 p.m.
Conference Room 325

In Support of HB 2258
Relating to Public Accountancy

Chair Herkes, Vice Chair McKelvey, and Committee members:

Thank you for the opportunity to testify. I support House Bill 2258.

As technology changes the world in which we live and work CPAs are increasingly finding their practices extending across state lines, in many cases without ever setting foot in another state. One example of this is the preparation of an out-of-state tax return. While all CPAs take the same licensing exam, and most states have similar education and experience requirements, each state has its own notification and temporary permit to practice requirements.

While notification by out-of-state CPAs practicing temporarily in Hawaii would seem to benefit the public, the truth is that this provides no real public benefit but does place an administrative burden on the State Board of Accountancy. The main concern is that CPAs temporarily practicing in Hawaii, but actually licensed in another state, are subject to the laws and regulations of Hawaii. This can be accomplished by adopting HB 2258. The real benefit to this law is that out-of-state CPAs will automatically be consenting to the disciplinary authority of the State Board of Accountancy.

Business realities, including an increase in interstate commerce and virtual technologies, require a uniform system that allows fluid practice across state lines. House Bill 2258 is a step in the right direction

Respectfully submitted,



Melanie King

*Farron Elizabeth Maielua
P.O. Box 330571
Kahului, HI 96733*

**Before the Committee on Consumer Protection
And Commerce**

**Monday, February 4, 2008 at 2:00 p.m.
Conference Room 325**

Re: Opposition to HB2258

Relating to Public Accountancy

Testimony of Farron E. Maielua

Chair Herkes, Vice-chair McKelvey, and committee members:

I oppose HB2258. I am a CPA firm staff. This bill is intended to achieve the same results as HB939 which was heard and held by this committee last year, except that it authorizes the Board of Public Accountancy to enact rules that would accomplish the same thing i.e., allow less-qualified foreign and out-of-state CPAs to practice public accountancy in Hawaii on a permanent basis without a Hawaii license or permit to practice, and without payment of fees or giving notice to the Board.

This legislation, now termed "mobility" legislation, was formerly promoted for a number of years as "reciprocity", "substantial equivalency", and "practice privileges" by the Hawaii Accountants' Coalition (Big 4 international CPA firms) and has been promoted and supported "in concept" by the Board of Public Accountancy, as evidenced by two separate Board votes on this matter in 2007.

I oppose this "no notice, no fees" mobility legislation, which would involve the following:

- Grants permanent rights to practice public accountancy in Hawaii to foreigners (non-Americans) and out-of-state CPAs without having to obtain a Hawaii CPA license or permit-to-practice.
- Hawaii already grants temporary permits-to-practice to accommodate out-of-state CPAs.

- Lower CPA licensing standards for foreign and out-of-state CPAs who practice in Hawaii versus higher standards that must be met by Hawaii-licensed CPAs. For example, Hawaii's experience requirement of 1,500 hours of audit experience or two years of public accounting experience or its equivalent is higher than the model Uniform Accountancy Act's (UAA) standard of one year of general experience. In addition, under the UAA, foreigners can take certain "substitute" foreign accounting exams in lieu of passing the U.S. AICPA CPA exam.
 - No payment of Hawaii licensing fees for foreign and out-of-state CPAs practicing in Hawaii despite higher costs of enforcement against these foreign and out-of-state CPA practitioners. Hawaii CPAs would have to shoulder the entire burden of the state's CPA licensing fees, and those fees would probably be increased with the loss of fees from foreign and out-of-state practitioners and increased enforcement costs against foreign and out-of-state practitioners.
 - No notice to the Hawaii Board of Public Accountancy by foreigners or out-of-state CPAs practicing public accountancy in Hawaii. Hawaii consumers could no longer readily determine who is allowed to practice as a CPA in Hawaii without searching through 54 other accounting jurisdictions.
 - No restriction on solicitation in Hawaii by foreign or out-of-state CPAs.
 - No Hawaii professional continuing education requirements that must be met by foreign or out-of-state practitioners in contrast to continuing professional education required for Hawaii CPAs.
 - No similar practice rights for Hawaii CPA practitioners in other states or countries unless other states and countries enact this legislation. Only a handful (approximately 10) of primarily Midwest states have enacted similar legislation.
 - State legislative control of licensing matters for foreign and out-of-state CPAs practicing in Hawaii would be relinquished to the AICPA and NASBA, two large, national, private membership organizations. The proposed legislation contemplates the AICPA/NASBA Uniform Accountancy model act (UAA) as the determining authority as to which foreign and out-of-state CPAs can permanently

practice in Hawaii without a Hawaii license and permit-to-practice. If enacted, the AICPA and NASBA can and will modify each state's licensing laws whenever they modify the UAA, without legislative hearings or input from Hawaii consumers or other interested parties.

- International "mobility" provisions will likely result in a net loss of accounting jobs for Hawaii residents since foreigners will be filling those jobs through foreign in-sourcing.
- Fabricates a false solution for a problem that doesn't exist. Although others have argued that mobility legislation is necessary to allow practitioners to prepare out-of-state tax returns because of the new electronic age, CPAs and other tax practitioners have been preparing out-of-state tax returns for decades as a matter of practice, and the Hawaii State Tax Department has no restriction on out-of-state tax preparers preparing Hawaii tax returns.

I urge this committee to oppose HB2258 for the reasons stated above, and because I strongly disagree with the Board's position on this matter. Thank you for this opportunity to testify.

Respectfully submitted,

Farron E. Maielua

Before the House Committee on Consumer Protection and Commerce

Monday, February 4, 2008

2:00 pm

Conference Room 325

In Support of HB 2258

Relating to Public Accountancy

Chair Herkes, Vice Chair McKelvey, and Committee members:

Thank you for the opportunity to testify. My name is Tom Pearson. I have taught accounting courses in Hawaii for almost twenty years and have co-authored a book on professional research entitled "Accounting & Auditing Research: Tools and Strategies" (2005, 6th ed.).

I support HB 2258. The proposed legislation establishes minimum standards for out-of-state CPAs who are requested to provide some services in Hawaii. Increasingly businesses need specialized expertise from outside providers. Like most small states, the specialized expertise is not always readily available within the state. The proposed legislation enables the customer in Hawaii to receive the benefit of the needed accounting expertise in an appropriate manner.

The opinion expressed is my own and not a position taken by my employer, the University of Hawaii.

Respectfully submitted,



Thomas C. Pearson

Before the House Committee on
Consumer Protection and Commerce

Monday, February 4, 2008
2:00 p.m.
Conference Room 325

In Support of HB 2258
Relating to Public Accountancy

Chair Herkes, Vice Chair McKelvey, and Committee members:

Thank you for the opportunity to testify. My name is Wendell K. Lee and I am CPA in a small firm. I support HB 2258. Hawaii needs to come into compliance with rest of the country and not hide their head in the sand on this issue. Consumers in Hawaii need legal protection and recourse from out-of-state CPA's who practice in our state.

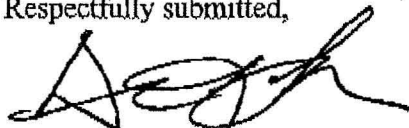
Almost all CPA firms of whatever size find themselves being asked to perform services outside their home state by their clients and frequently on short notice (filing an out-of-state tax return). Since all CPAs take the same licensing exam and most states require the same education and experience for certification, the only major concern about a CPA licensed in one state practicing in another is to be sure that the CPA and the CPA firm are subject to the laws, rules and regulations in any state in which they practice.

Business realities, including increase in interstate commerce and virtual technologies, require a uniform system that allows fluid practice across state lines.

Lack of a uniform system adversely affects firms of all sizes and consumers – it is a significant barrier to consumer choice.

I am testifying as a Hawaii CPA and not as a representative of any organization. My views do not constitute, and do not necessarily match, the official position of any organization.

Respectfully submitted,



Wendell K. Lee, CPA

House Committee on Consumer Protection and Commerce

February 4, 2008
2:00 p.m.
Conference Room 325

In Support of HB 2258 Relating to Public Accountancy

Chair Herkes, Vice Chair McKelvey, and Committee members:

Thank you for the opportunity to testify. My name is Edward L. Punua and I am CPA in a small firm on the neighbor island. I support HB 2258, relating to practice mobility.

Almost all CPA firms of whatever size find themselves being asked to perform services outside their home state by their clients and frequently on short notice (filing an out-of-state tax return). Since all CPAs take the same licensing exam and most states require the same education and experience for certification, the only major concern about a CPA licensed in one state practicing in another is to be sure that the CPA and the CPA firm are subject to the laws, rules and regulations in any state in which they practice.

Business realities, including increase in interstate commerce and virtual technologies, require a uniform system that allows fluid practice across state lines.

Lack of a uniform system adversely affects firms of all sizes and consumers – it is a significant barrier to consumer choice.

I am testifying as a Hawaii CPA and not as a representative of any organization. My views do not constitute, and do not necessarily match, the official position of any organization.

Respectfully submitted,

Edward L. Punua, CPA

Before the House Committee on Consumer Protection and Commerce

Monday, February 4, 2008
2:00 pm
Conference Room 325

In Support of HB 2258

Relating to Public Accountancy

Testimony of Rodney Harano, CPA

Chair Herkes, Vice Chair McKelvey, and Committee members:

Thank you for the opportunity to testify.

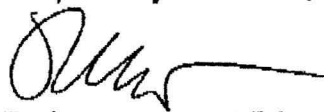
My name is Rodney Harano and I support HB 2258. I am a CPA with a small, local firm. Opponents of this bill will testify that this is a "small firm vs. big firm" issue. I disagree; this issue affects all CPAs – no matter what size!

Many Hawaii CPAs are preparing out-of-state income tax returns that probably require registering in that state for licensing. However, because of the expense and time-consuming paperwork required, most choose to ignore registering. My guess is that most CPAs do not realize that there are registration requirements in those other states.

On the flip side, opponents of this bill will testify that this bill will "open up the flood gates" for out-of-state CPAs to practice accounting in Hawaii. Well, out-of-state CPAs are already practicing in Hawaii without properly registering with DCCA and therefore, are not subject to our public accountancy laws. This bill will now cover those CPAs who are slipping through the cracks.

The proposed legislation will improve existing laws in Hawaii by establishing minimum standards for out-of-state CPAs who desire to practice in our state. It is founded in the concept that any CPA practicing accountancy in Hawaii will be subject to the Hawaii rules and regulations.

Respectfully submitted,



Rodney Harano, CPA

Before the House Committee on Consumer Protection and Commerce

Monday, February 4, 2008

2:00 pm

Conference Room 325

In Support of HB 2258

Relating to Public Accountancy

Testimony of James P. Hasselman, CPA

Chair Herkes, Vice Chair McKelvey, and Committee members:

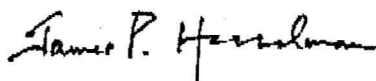
Thank you for the opportunity to testify.

My name is James P. Hasselman. I am a CPA and a sole practitioner providing accounting and auditing services to nonprofit organizations and employee benefit plans. I support HB 2258.

With the complexity of accounting and auditing services growing rapidly each year, the need for specialized auditing services has grown tremendously in recent years. Not only do Hawaii's businesses, nonprofit organizations and employee benefit plans increasingly need specialized services, but small CPA firms and sole practitioners like myself also need to occasionally bring in specialized auditors from the mainland to adequately service our clients.

The goal of mobility, which is supported on a national level by the American Institute of CPAs, is to make it easier for Hawaii's businesses, nonprofit organizations and employee benefit plans to do business in the state. I believe that responsible bills that make it easier to conduct business and other operations in Hawaii should be supported. It is the Hawaii business, nonprofit and employee benefit plan community that primarily benefits from HB 2258.

Respectfully submitted,



James P. Hasselman, CPA

Before the House Committee on
Consumer Protection and Commerce

Monday, February 4, 2008
2:00 p.m.
Conference Room 325

In Support of HB 2258
Relating to Public Accountancy

Chair Herkes, Vice Chair McKelvey, and Committee members:

Thank you for the opportunity to testify. My name is Michael O'Malley and I am a tax attorney practicing with a local CPA firm. I support HB 2258.

Almost all CPA firms of whatever size find themselves being asked to perform services outside their home state by their clients and frequently on short notice (filing an out-of-state tax return). Since all CPAs take the same licensing exam and most states require the same education and experience for certification, the only major concern about a CPA licensed in one state practicing in another is to be sure that the CPA and the CPA firm are subject to the laws, rules and regulations in any state in which they practice.


Business realities, including increase in interstate commerce and virtual technologies, require a uniform system that allows fluid practice across state lines.

Lack of a uniform system adversely affects firms of all sizes and consumers – it is a significant barrier to consumer choice.

I am testifying as a Hawaii tax attorney and not as a representative of any organization. My views do not constitute, and do not necessarily match, the official position of any organization.

I can be reached at work at 531-3609. Thank you for your consideration.

Respectfully submitted,



Michael O'Malley

Before the House Committee on
Consumer Protection and Commerce

Monday, February 4, 2008
2:00 p.m.
Conference Room 325

Testimony Submitted
In Support of HB 2258
Relating to Public Accountancy

Chair Herkes, Vice Chair McKelvey, and Committee members:

As a senior executive at one of Hawai'i's premier companies and having been a business leader in Hawai'i for many years (including 17 years at Alexander & Baldwin and over 20 years serving on charitable boards), I ask you to support HB 2258.

In my many years of business I have often been confronted with the challenge of securing expert CPA services on short notice. For example, while addressing Sarbanes-Oxley compliance matters, I have needed information technology specialists that were not available in Hawai'i. Because software- and hardware-specific resources were only available on the U.S. Mainland the reciprocity requirements made it difficult to engage the services timely. I have also experienced challenges with the reciprocity requirements when obtaining services for specialized valuations, complex mergers & acquisitions, complex real-estate transactions, understanding certain complex federal tax and mainland state tax rules. Often the need for these services is immediate, but the licensure rules make doing business in Hawai'i more difficult than doing business in mainland jurisdictions.

This bill will not limit the growth of local CPA firms or restrict the services they offer. Instead it will permit Hawai'i firms, both large and small, to be more competitive and more responsive to the needs of the Hawai'i business community.

HB 2258 will help Hawai'i businesses to better compete in a global economy.

It just makes sense.

Aloha and thank you for considering my testimony,

Thomas Wellman, CPA (not in public practice), CMA, MACC
Vice President, Chief Financial Officer & Treasurer
The Gas Company

**HSCPA**Hawaii Society of
Certified Public Accountants

Before the House Committee on Consumer Protection and Commerce

Monday, February 4, 2008

2:00 pm

Conference Room 325

In Support of HB 2258

Relating to Public Accountancy

900 Fort Street

Suite 850

P.O. Box 1754

Honolulu, Hawaii 96806

Tel: (808) 537-9475

Fax: (808) 537-3520

E-mail: info@hscpa.org

Website: www.hscpa.org

Testimony of Valerie Shintaku, CPA
President, Hawaii Society of CPAs

Chair Herkes, Vice Chair McKelvey, and Committee members:

Thank you for the opportunity to testify.

The Board of Directors of the Hawaii Society of Certified Public Accountants (HSCPA) supports HB 2258. The proposed legislation improves existing law in Hawaii by establishing minimum standards for out-of-state CPAs who desire to practice in our state and an avenue to discipline those out-of-state CPAs who do not uphold the professional standards. It is founded in the concept that any solution to mobility must be based on the following overarching principles:

- Respect and protect the public interest
- Ensure uniform practice privileges in all jurisdictions
- Enable a credible enforcement process
- Be administratively efficient
- Provide the ability to be responsive to the changing business environment

Almost all CPA firms of whatever size find themselves being asked to perform services outside their home state by their clients, and frequently on short notice. Since all CPAs take the same licensing exam and most states require the same education and experience for certification, the only major concern about a CPA licensed in one state practicing in another is to be sure that the CPA and the CPA firm are subject to the laws, rules and regulations in any state in which they practice. This would be protection that currently does not exist in Hawaii.

Respectfully submitted,

Valerie Shintaku, CPA
President, HSCPA
HSCPA Board of Directors

Before the House Committee on
Consumer Protection and Commerce

Monday, February 4, 2008
2:00 p.m.
Conference Room 325

In Support of HB 2258
Relating to Public Accountancy

Chair Herkes, Vice Chair McKelvey, and Committee members:

Thank you for the opportunity to testify. My name is Kent K. Tsukamoto and I have been a practicing CPA licensed/registered in Hawaii, California and Guam for the last 30 years. I strongly support HB 2258, the CPA mobility bill.

To practice as a CPA, an individual must pass the uniform CPA licensing exam administered by the American Institute of CPAs. Most states require the same education and experience for certification, therefore, the only major concern about a CPA licensed in one state practicing in another is to be sure that the CPA and the CPA firm are subject to the laws, rules and regulations in any state in which they practice.

Business realities, including increase in interstate commerce and virtual technologies, require a uniform system that allows fluid practice across state lines.

Lack of a uniform system adversely affects firms of all sizes and consumers – it is a significant barrier to consumer choice and consumer protection.

I am testifying as a Hawaii CPA and not as a representative of any organization. My views do not constitute, and do not necessarily match, the official position of any organization.

Respectfully submitted,



SANG T. LE

303 LILIUOKALANI AVENUE, #802

HONOLULU, HI 96815

Before the Committee on Consumer Protection

And Commerce

Monday, February 4, 2008 at 2:00 p.m.

Conference Room 325

Re: Opposition to HB2258

Relating to Public Accountancy

Testimony of Sang T. Le

Chair Herkes, Vice-chair McKelvey, and committee members:

I oppose HB2258. I am a CPA. This bill is intended to achieve the same results as HB939 which was heard and held by this committee last year, except that it authorizes the Board of Public Accountancy to enact rules that would accomplish the same thing - i.e., allow less-qualified foreign and out-of-state CPAs to practice public accountancy in Hawaii on a permanent basis without a Hawaii license or permit to practice, and without payment of fees or giving notice to the Board.

This legislation, now termed "mobility" legislation, was formerly promoted for a number of years as "reciprocity", "substantial equivalency", and "practice privileges" by the Hawaii Accountants' Coalition (Big 4 international CPA firms) and has been promoted and supported "in concept" by the Board of Public Accountancy, as evidenced by two separate Board votes on this matter in 2007.

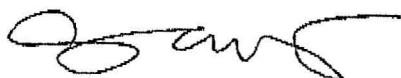
I oppose this "no notice, no fees" mobility legislation, which would involve the following:

- Grants permanent rights to practice public accountancy in Hawaii to foreigners (non-Americans) and out-of-state CPAs without having to obtain a Hawaii CPA license or permit-to-practice.
- Hawaii already grants temporary permits-to-practice to accommodate out-of-state CPAs.
- Lower CPA licensing standards for foreign and out-of-state CPAs who practice in Hawaii versus higher standards that must be met by Hawaii-licensed CPAs. For example, Hawaii's experience requirement of 1,500 hours of audit experience or two years of public accounting experience or its equivalent is higher than the model Uniform Accountancy Act's (UAA) standard of one year of general experience. In addition, under the UAA, foreigners can take certain "substitute" foreign accounting exams in lieu of passing the U.S. AICPA CPA exam.
- No payment of Hawaii licensing fees for foreign and out-of-state CPAs practicing in Hawaii despite higher costs of enforcement against these foreign and out-of-state CPA practitioners. Hawaii CPAs would have to shoulder the entire burden of the state's CPA licensing fees, and those fees would probably be increased with the loss of fees from foreign and out-of-state practitioners and increased enforcement costs against foreign and out-of-state practitioners.
- No notice to the Hawaii Board of Public Accountancy by foreigners or out-of-state CPAs practicing public accountancy in Hawaii. Hawaii consumers could no longer readily determine who is allowed to practice as a CPA in Hawaii without searching through 54 other accounting jurisdictions.
- No restriction on solicitation in Hawaii by foreign or out-of-state CPAs.
- No Hawaii professional continuing education requirements that must be met by foreign or out-of-state practitioners in contrast to continuing professional education required for Hawaii CPAs.
- No similar practice rights for Hawaii CPA practitioners in other states or countries unless other states and countries enact this legislation. Only a handful (approximately 10) of primarily Midwest states have enacted similar legislation.

- State legislative control of licensing matters for foreign and out-of-state CPAs practicing in Hawaii would be relinquished to the AICPA and NASBA, two large, national, private membership organizations. The proposed legislation contemplates the AICPA/NASBA Uniform Accountancy model act (UAA) as the determining authority as to which foreign and out-of-state CPAs can permanently practice in Hawaii without a Hawaii license and permit-to-practice. If enacted, the AICPA and NASBA can and will modify each state's licensing laws whenever they modify the UAA, without legislative hearings or input from Hawaii consumers or other interested parties.
- International "mobility" provisions will likely result in a net loss of accounting jobs for Hawaii residents since foreigners will be filling those jobs through foreign in-sourcing.
- Fabricates a false solution for a problem that doesn't exist. Although others have argued that mobility legislation is necessary to allow practitioners to prepare out-of-state tax returns because of the new electronic age, CPAs and other tax practitioners have been preparing out-of-state tax returns for decades as a matter of practice, and the Hawaii State Tax Department has no restriction on out-of-state tax preparers preparing Hawaii tax returns.

I urge this committee to oppose HB2258 for the reasons stated above, and because I strongly disagree with the Board's position on this matter. Thank you for this opportunity to testify.

Respectfully submitted,



Sang T. Le, CPA

HERBERT M NAKAYAMA
CERTIFIED PUBLIC ACCOUNTANT
1216 KINOOLE STREET
HILO, HAWAII 96720-4134
TEL: (808) 935-3734 FAX: (808) 961-6363

Before the Committee on Consumer Protection And Commerce

Monday, February 4, 2008 at 2:00 p.m.

Conference Room 325

Re: Opposition to HB2258

Relating to Public Accountancy

Testimony of Herbert M Nakayama

Chair Herkes, Vice-chair McKelvey, and committee members:

I oppose HB2258. I am a CPA practicing as an individual proprietor. This bill is intended to achieve the same results as HB939 which was heard and held by this committee last year, except that it authorizes the Board of Public Accountancy to enact rules that would accomplish the same thing – i.e., allow less-qualified foreign and out-of-state CPAs to practice public accountancy in Hawaii on a permanent basis without a Hawaii license or permit to practice, and without payment of fees or giving notice to the Board.

This legislation, now termed “mobility” legislation, was formerly promoted for a number of years as “reciprocity”, “substantial equivalency”, and “practice privileges” by the Hawaii Accountants’ Coalition (Big 4 international CPA firms) and has been promoted and supported “in concept” by the Board of Public Accountancy, as evidenced by two separate Board votes on this matter in 2007.

I oppose this “no notice, no fees” mobility legislation, which would involve the following:

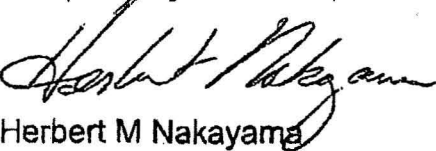
- Grants permanent rights to practice public accountancy in Hawaii to foreigners (non-Americans) and out-of-state CPAs without having to obtain a Hawaii CPA license or permit-to-practice.
- Hawaii already grants temporary permits-to-practice to accommodate out-of-state CPAs.
- Lower CPA licensing standards for foreign and out-of-state CPAs who practice in Hawaii versus higher standards that must be met by Hawaii-licensed CPAs. For example, Hawaii’s experience requirement of 1,500 hours of audit experience or two years of public accounting experience or its equivalent is higher than the model Uniform Accountancy Act’s (UAA) standard of one year of general experience. In addition, under the UAA, foreigners can take certain “substitute” foreign accounting exams in lieu of passing the U.S. AICPA CPA exam.
- No payment of Hawaii licensing fees for foreign and out-of-state CPAs practicing in Hawaii despite higher costs of enforcement against these foreign and out-of-state CPA practitioners. Hawaii CPAs would have to shoulder the entire burden of the state’s CPA licensing fees, and those fees would probably be increased with the loss of fees from foreign and out-of-state practitioners and increased enforcement costs against foreign and out-of-state practitioners.

HERBERT M NAKAYAMA
CERTIFIED PUBLIC ACCOUNTANT
1216 KINOOLE STREET
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TEL: (808) 935-3734 FAX: (808) 961-6363

- No notice to the Hawaii Board of Public Accountancy by foreigners or out-of-state CPAs practicing public accountancy in Hawaii. Hawaii consumers could no longer readily determine who is allowed to practice as a CPA in Hawaii without searching through 54 other accounting jurisdictions.
- No restriction on solicitation in Hawaii by foreign or out-of-state CPAs.
- No Hawaii professional continuing education requirements that must be met by foreign or out-of-state practitioners in contrast to continuing professional education required for Hawaii CPAs.
- No similar practice rights for Hawaii CPA practitioners in other states or countries unless other states and countries enact this legislation. Only a handful (approximately 10) of primarily Midwest states have enacted similar legislation.
- State legislative control of licensing matters for foreign and out-of-state CPAs practicing in Hawaii would be relinquished to the AICPA and NASBA, two large, national, private membership organizations. The proposed legislation contemplates the AICPA/NASBA Uniform Accountancy model act (UAA) as the determining authority as to which foreign and out-of-state CPAs can permanently practice in Hawaii without a Hawaii license and permit-to-practice. If enacted, the AICPA and NASBA can and will modify each state's licensing laws whenever they modify the UAA, without legislative hearings or input from Hawaii consumers or other interested parties.
- International "mobility" provisions will likely result in a net loss of accounting jobs for Hawaii residents since foreigners will be filling those jobs through foreign in-sourcing.
- Fabricates a false solution for a problem that doesn't exist. Although others have argued that mobility legislation is necessary to allow practitioners to prepare out-of-state tax returns because of the new electronic age, CPAs and other tax practitioners have been preparing out-of-state tax returns for decades as a matter of practice, and the Hawaii State Tax Department has no restriction on out-of-state tax preparers preparing Hawaii tax returns.

I urge this committee to oppose HB2258 for the reasons stated above, and because I strongly disagree with the Board's position on this matter. Thank you for this opportunity to testify.

Respectfully submitted,



Herbert M Nakayama

Royle Taogoshi
2150 Lower Kula Rd.
Kula, HI 96790
(808) 280-8591

**Before the Committee on Consumer Protection
And Commerce**

**Monday, February 4, 2008 at 2:00 p.m.
Conference Room 325**

Re: Opposition to HB2258
Relating to Public Accountancy

Testimony of Royle Taogoshi

Chair Herkes, Vice-chair McKelvey, and committee members:

I oppose HB2258. I am a Senior Association with Niwao and Roberts, CPA's, with three years of experience working in public accounting. Previously, I worked as an Investment Specialist for Bank of America and TD Ameritrade. This bill is intended to achieve the same results as HB939 which was heard and held by this committee last year, except that it authorizes the Board of Public Accountancy to enact rules that would accomplish the same thing -- i.e., allow less-qualified foreign and out-of-state CPAs to practice public accountancy in Hawaii on a permanent basis without a Hawaii license or permit to practice, and without payment of fees or giving notice to the Board.

This legislation, now termed "mobility" legislation, was formerly promoted for a number of years as "reciprocity", "substantial equivalency", and "practice privileges" by the Hawaii Accountants' Coalition (Big 4 international CPA firms) and has been promoted and supported "in concept" by the Board of Public Accountancy, as evidenced by two separate Board votes on this matter in 2007.

I oppose this "no notice, no fees" mobility legislation, which would involve the following:

- Grants permanent rights to practice public accountancy in Hawaii to foreigners (non-Americans) and out-of-state CPAs without having to obtain a Hawaii CPA license or permit-to-practice.
- Hawaii already grants temporary permits-to-practice to accommodate out-of-state CPAs.
- Lower CPA licensing standards for foreign and out-of-state CPAs who practice in Hawaii versus higher standards that must be met by Hawaii-licensed CPAs. For example, Hawaii's experience requirement of 1,500 hours of audit experience or two years of public accounting experience or its equivalent is higher than the model Uniform Accountancy Act's (UAA) standard of one year of general experience. In addition, under the UAA,

foreigners can take certain "substitute" foreign accounting exams in lieu of passing the U.S. AICPA CPA exam.

- No payment of Hawaii licensing fees for foreign and out-of-state CPAs practicing in Hawaii despite higher costs of enforcement against these foreign and out-of-state CPA practitioners. Hawaii CPAs would have to shoulder the entire burden of the state's CPA licensing fees, and those fees would probably be increased with the loss of fees from foreign and out-of-state practitioners and increased enforcement costs against foreign and out-of-state practitioners.
- No notice to the Hawaii Board of Public Accountancy by foreigners or out-of-state CPAs practicing public accountancy in Hawaii. Hawaii consumers could no longer readily determine who is allowed to practice as a CPA in Hawaii without searching through 54 other accounting jurisdictions.
- No restriction on solicitation in Hawaii by foreign or out-of-state CPAs.
- No Hawaii professional continuing education requirements that must be met by foreign or out-of-state practitioners in contrast to continuing professional education required for Hawaii CPAs.
- No similar practice rights for Hawaii CPA practitioners in other states or countries unless other states and countries enact this legislation. Only a handful (approximately 10) of primarily Midwest states have enacted similar legislation.
- State legislative control of licensing matters for foreign and out-of-state CPAs practicing in Hawaii would be relinquished to the AICPA and NASBA, two large, national, private membership organizations. The proposed legislation contemplates the AICPA/NASBA Uniform Accountancy model act (UAA) as the determining authority as to which foreign and out-of-state CPAs can permanently practice in Hawaii without a Hawaii license and permit-to-practice. If enacted, the AICPA and NASBA can and will modify each state's licensing laws whenever they modify the UAA, without legislative hearings or input from Hawaii consumers or other interested parties.
- International "mobility" provisions will likely result in a net loss of accounting jobs for Hawaii residents since foreigners will be filling those jobs through foreign in-sourcing.
- Fabricates a false solution for a problem that doesn't exist. Although others have argued that mobility legislation is necessary to allow practitioners to prepare out-of-state tax returns because of the new electronic age, CPAs and other tax practitioners have been preparing out-of-state tax returns for decades as a matter of practice, and the Hawaii State Tax Department has no restriction on out-of-state tax preparers preparing Hawaii tax returns.

I urge this committee to oppose HB2258 for the reasons stated above, and because I strongly disagree with the Board's position on this matter. Thank you for this opportunity to testify.

Respectfully submitted,

Royle Taogoshi



HAWAII ASSOCIATION OF PUBLIC ACCOUNTANTS

Organized August 7, 1943
P.O. BOX 61043
HONOLULU, HAWAII 96839



Before the Committee on Consumer Protection And Commerce

Monday, February 4, 2008 at 2:00 p.m.
Conference Room 325

Re: **Opposition to HB2258** Relating to Public Accountancy

Testimony of **Gregg M. Taketa**

Chair Herkes, Vice-chair McKelvey, and committee members:

I am a Certified Public Accountant and the State President of the Hawaii Association of Public Accountants. I **oppose HB2258**. This bill is intended to achieve the same results as HB939 which was heard and held by this committee last year.

I am not in favor of this "no notice, no fees" mobility legislation because of the following reasons:

- Grants permanent rights to practice public accountancy in Hawaii to foreigners (non-Americans) and out-of-state CPAs without having to notify Hawaii's Board of Public Accountancy or obtain a Hawaii CPA license or permit-to-practice.
- HB2258 is not necessary for the mobility of CPAs. Hawaii already grants temporary permits-to-practice to accommodate out-of-state CPAs.
- HB2258 is bad for Hawaii's CPA candidates. This bill will create an unfair situation for Hawaii's residents as it permits foreign and out-of-state CPAs with lower CPA licensing standards to practice in Hawaii versus Hawaii-licensed CPAs who must meet higher standards. For example, Hawaii's experience requirement of 1,500 hours of audit experience or two years of public accounting experience or its equivalent is higher than the model Uniform Accountancy Act's (UAA) standard of one year of general experience. In addition, under the UAA, foreigners can take certain "substitute" foreign accounting exams in lieu of passing the U.S. AICPA CPA exam.
- HB2258 is bad for the State's General Fund. There will be no payment of Hawaii temporary licensing fees for foreign and out-of-state CPAs practicing in Hawaii. The Board of Public Accountancy must absorb the cost of enforcement against foreign and out-of-state CPA

practitioners with the loss of the temporary license fee of \$210 per foreign and out-of-state practitioner.

- HB2258 is bad for Hawaii's consumers. Because foreigners and out-of-state CPAs will no longer be required to notify the Hawaii Board of Public Accountancy before practicing public accountancy in Hawaii, consumers will find it more difficult to determine who is a licensed CPA without searching through 54 other accounting jurisdictions.
- HB2258 is based on a new concept that has not been fully tested. Only a handful (approximately 10) states, primarily in the Midwest have enacted similar legislation.
- HB2258 is bad for Hawaii's legislators. Legislative control of licensing matters for foreign and out-of-state CPAs practicing in Hawaii would be relinquished to the AICPA and NASBA, two large, national, private membership organizations. The proposed legislation contemplates the AICPA/NASBA Uniform Accountancy model act (UAA) as the determining authority as to which foreign and out-of-state CPAs can permanently practice in Hawaii without a Hawaii license and permit-to-practice. In effect, the AICPA and NASBA can and will modify each state's licensing laws whenever they modify the UAA, without legislative hearings or input from Hawaii consumers or other interested parties.
- International "mobility" provisions will likely result in a net loss of accounting jobs for Hawaii residents since foreigners will be filling those jobs through foreign in-sourcing.
- Fabricates a false solution for a problem that doesn't exist. Although others have argued that mobility legislation is necessary to allow practitioners to prepare out-of-state tax returns because of the new electronic age, CPAs and other tax practitioners have been preparing out-of-state tax returns for decades as a matter of practice, and the Hawaii State Tax Department has no restriction on out-of-state tax preparers preparing Hawaii tax returns.

Proponents are claiming that HB2258 is necessary for commerce. However, if this is the case, why aren't there consumers pushing for this legislation? If in fact, commerce was adversely affected by the lack of mobility of CPAs, Congress would be advocating for a national CPA license.

I urge this committee to oppose HB2258 for the reasons stated above. Thank you for this opportunity to testify.

Respectfully submitted,

Gregg M. Taketa

Gregg M. Taketa, CPA
State President
Hawaii Association of Public Accountants

FAYE M. MURAYAMA, CPA, INC.**Before the Committee on Consumer Protection
And Commerce**

**Monday, February 4, 2008 at 2:00 p.m.
Conference Room 325**

**Re: Opposition to HB2258
Relating to Public Accountancy****Testimony of Faye M. Murayama, CPA**

Chair Herkes, Vice-chair McKelvey, and committee members:

I oppose HB2258. I am a CPA in the practice of public accounting. This bill is intended to achieve the same results as HB939 which was heard and held by this committee last year, except that it authorizes the Board of Public Accountancy to enact rules that would accomplish the same thing – i.e., allow less-qualified foreign and out-of-state CPAs to practice public accountancy in Hawaii on a permanent basis without a Hawaii license or permit to practice, and without payment of fees or giving notice to the Board.

This legislation, now termed “mobility” legislation, was formerly promoted for a number of years as “reciprocity”, “substantial equivalency”, and “practice privileges” by the Hawaii Accountants’ Coalition (Big 4 international CPA firms) and has been promoted and supported “in concept” by the Board of Public Accountancy, as evidenced by two separate Board votes on this matter in 2007.

I oppose this “no notice, no fees” mobility legislation, which would involve the following:

- Grants permanent rights to practice public accountancy in Hawaii to foreigners (non-Americans) and out-of-state CPAs without having to obtain a Hawaii CPA license or permit-to-practice.
- Hawaii already grants temporary permits-to-practice to accommodate out-of-state CPAs.
- Lower CPA licensing standards for foreign and out-of-state CPAs who practice in Hawaii versus higher standards that must be met by Hawaii-licensed CPAs. For example, Hawaii’s experience requirement of 1,500 hours of audit experience or two years of public accounting experience or its equivalent is higher than the model Uniform Accountancy Act’s (UAA) standard of one year of general experience. In addition, under the UAA, foreigners can take certain “substitute” foreign accounting exams in lieu of passing the U.S. AICPA CPA exam.
- No payment of Hawaii licensing fees for foreign and out-of-state CPAs practicing in Hawaii despite higher costs of enforcement against these foreign and out-of-state CPA practitioners. Hawaii CPAs would have to shoulder the entire burden of the state’s CPA licensing fees, and those fees would probably be increased with the loss of fees from foreign and out-of-state practitioners and increased enforcement costs against foreign and out-of-state practitioners.

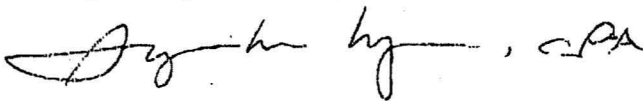
February 1, 2008

Page 2 of 2

- No notice to the Hawaii Board of Public Accountancy by foreigners or out-of-state CPAs practicing public accountancy in Hawaii. Hawaii consumers could no longer readily determine who is allowed to practice as a CPA in Hawaii without searching through 54 other accounting jurisdictions.
- No restriction on solicitation in Hawaii by foreign or out-of-state CPAs.
- No Hawaii professional continuing education requirements that must be met by foreign or out-of-state practitioners in contrast to continuing professional education required for Hawaii CPAs.
- No similar practice rights for Hawaii CPA practitioners in other states or countries unless other states and countries enact this legislation. Only a handful (approximately 10) of primarily Midwest states have enacted similar legislation.
- State legislative control of licensing matters for foreign and out-of-state CPAs practicing in Hawaii would be relinquished to the AICPA and NASBA, two large, national, private membership organizations. The proposed legislation contemplates the AICPA/NASBA Uniform Accountancy model act (UAA) as the determining authority as to which foreign and out-of-state CPAs can permanently practice in Hawaii without a Hawaii license and permit-to-practice. If enacted, the AICPA and NASBA can and will modify each state's licensing laws whenever they modify the UAA, without legislative hearings or input from Hawaii consumers or other interested parties.
- International "mobility" provisions will likely result in a net loss of accounting jobs for Hawaii residents since foreigners will be filling those jobs through foreign in-sourcing.
- Fabricates a false solution for a problem that doesn't exist. Although others have argued that mobility legislation is necessary to allow practitioners to prepare out-of-state tax returns because of the new electronic age, CPAs and other tax practitioners have been preparing out-of-state tax returns for decades as a matter of practice, and the Hawaii State Tax Department has no restriction on out-of-state tax preparers preparing Hawaii tax returns.

I urge this committee to oppose HB2258 for the reasons stated above, and because I strongly disagree with the Board's position on this matter. Thank you for this opportunity to testify.

Respectfully submitted,



Faye M. Murayama, CPA

**KOBAYASHI, DOI & LUM CPAs LLC**

220 South King Street, Suite 1700 • Honolulu, Hawaii 96813 • Tel (808) 521-3962 • Fax (808) 531-3217
410 Kilani Avenue, Suite 202 • Wahiawa, Hawaii 96786 • Tel (808) 622-4188 • Fax (808) 621-2438

**Before the Committee on Consumer Protection
And Commerce**

**Monday, February 4, 2008 at 2:00 p.m.
Conference Room 325**

**Re: Opposition to HB2258
Relating to Public Accountancy**

**Testimony of Alan Kobayashi
Kobayashi Doi and Lum CPAs LLC**

Chair Herkes, Vice-chair McKelvey, and committee members:

I oppose HB2258. I am the Managing Member of Kobayashi Doi and Lum CPAs LLC which employs approximately 25 people. This bill is intended to achieve the same results as HB939 which was heard and held by this committee last year, except that it authorizes the Board of Public Accountancy to enact rules that would accomplish the same thing – i.e., allow less-qualified foreign and out-of-state CPAs to practice public accountancy in Hawaii on a permanent basis without a Hawaii license or permit to practice, and without payment of fees or giving notice to the Board.

This legislation, now termed “mobility” legislation, was formerly promoted for a number of years as “reciprocity”, “substantial equivalency”, and “practice privileges” by the Hawaii Accountants’ Coalition (Big 4 international CPA firms) and has been promoted and supported “in concept” by the Board of Public Accountancy, as evidenced by two separate Board votes on this matter in 2007.

I oppose this “no notice, no fees” mobility legislation, which would involve the following:

- Grants permanent rights to practice public accountancy in Hawaii to foreigners (non-Americans) and out-of-state CPAs without having to obtain a Hawaii CPA license or permit-to-practice.
- Hawaii already grants temporary permits-to-practice to accommodate out-of-state CPAs.



KOBAYASHI, DOI & LUM CPAs LLC



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- Lower CPA licensing standards for foreign and out-of-state CPAs who practice in Hawaii versus higher standards that must be met by Hawaii-licensed CPAs. For example, Hawaii's experience requirement of 1,500 hours of audit experience or two years of public accounting experience or its equivalent is higher than the model Uniform Accountancy Act's (UAA) standard of one year of general experience. In addition, under the UAA, foreigners can take certain "substitute" foreign accounting exams in lieu of passing the U.S. AICPA CPA exam.
- No payment of Hawaii licensing fees for foreign and out-of-state CPAs practicing in Hawaii despite higher costs of enforcement against these foreign and out-of-state CPA practitioners. Hawaii CPAs would have to shoulder the entire burden of the state's CPA licensing fees, and those fees would probably be increased with the loss of fees from foreign and out-of-state practitioners and increased enforcement costs against foreign and out-of-state practitioners.
- No notice to the Hawaii Board of Public Accountancy by foreigners or out-of-state CPAs practicing public accountancy in Hawaii. Hawaii consumers could no longer readily determine who is allowed to practice as a CPA in Hawaii without searching through 54 other accounting jurisdictions.
- No restriction on solicitation in Hawaii by foreign or out-of-state CPAs.
- No Hawaii professional continuing education requirements that must be met by foreign or out-of-state practitioners in contrast to continuing professional education required for Hawaii CPAs.
- No similar practice rights for Hawaii CPA practitioners in other states or countries unless other states and countries enact this legislation. Only a handful (approximately 10) of primarily Midwest states have enacted similar legislation.
- State legislative control of licensing matters for foreign and out-of-state CPAs practicing in Hawaii would be relinquished to the AICPA and NASBA, two large, national, private membership organizations. The proposed legislation contemplates the AICPA/NASBA Uniform Accountancy model act (UAA) as the determining authority as to which foreign and out-of-state CPAs can permanently practice in Hawaii without a Hawaii license and permit-to-practice. If enacted, the AICPA and NASBA can and will modify each state's licensing laws whenever they modify the UAA, without legislative hearings or input from Hawaii consumers or other interested parties.
- International "mobility" provisions will likely result in a net loss of accounting jobs for Hawaii residents since foreigners will be filling those jobs through foreign in-sourcing.
- Fabricates a false solution for a problem that doesn't exist. Although others have argued that mobility legislation is necessary to allow practitioners to prepare out-of-state tax returns because of the new electronic age, CPAs and other tax practitioners have been preparing out-of-state tax returns for decades as a matter of practice, and the Hawaii State Tax Department has no restriction on out-of-state tax preparers preparing Hawaii tax returns.



KOBAYASHI, DOI & LUM CPAs LLC

AN INDEPENDENT MEMBER OF
**BDO
SEIDMAN
ALLIANCE.**

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I urge this committee to oppose HB2258 for the reasons stated above, and because I strongly disagree with the Board's position on this matter. Thank you for this opportunity to testify.

Respectfully submitted,

Alan Kobayashi
Kobayashi Doi and Lum CPAs LLC

**Michael Oshima
307 Lewers Street #702
Honolulu, Hawaii 96815**

**Before the Committee on Consumer Protection
And Commerce**

**Monday, February 4, 2008 at 2:00 p.m.
Conference Room 325**

Re: Opposition to HB2258
Relating to Public Accountancy

Testimony of Michael Oshima

Chair Herkes, Vice-chair McKelvey, and committee members:

I oppose HB2258. I am an Enrolled Agent (Enrolled to Practice Before the Internal Revenue Service). I have opposed this act previously and at that time wrote a letter dated July 2, 2007 to the Honorable Linda Lingle stating the reason why I oppose it. And here again, I am writing to your committee again to oppose this act. Even though proponents have changed the name of the bill and "disguised" its appearance, this bill is intended to achieve the same results as HB939 which was heard and held by this committee last year, except that it authorizes the Board of Public Accountancy to enact rules that would accomplish the same thing – i.e., allow less-qualified foreign and out-of-state CPAs to practice public accountancy in Hawaii on a permanent basis without a Hawaii license or permit to practice, and without payment of fees or giving notice to the Board.

This legislation, now termed "mobility" legislation, was formerly promoted for a number of years as "reciprocity", "substantial equivalency", and "practice privileges" by the Hawaii Accountants' Coalition (Big 4 international CPA firms) and has been promoted and supported "in concept" by the Board of Public Accountancy, as evidenced by two separate Board votes on this matter in 2007.

I oppose this "no notice, no fees" mobility legislation, which would involve the following:

- Grants permanent rights to practice public accountancy in Hawaii to foreigners (non-Americans) and out-of-state CPAs without having to obtain a Hawaii CPA license or permit-to-practice.

Page 2 of 4
February 2, 2008

- Hawaii already grants temporary permits-to-practice to accommodate out-of-state CPAs.
- Lower CPA licensing standards for foreign and out-of-state CPAs who practice in Hawaii versus higher standards that must be met by Hawaii-licensed CPAs. For example, Hawaii's experience requirement of 1,500 hours of audit experience or two years of public accounting experience or its equivalent is higher than the model Uniform Accountancy Act's (UAA) standard of one year of general experience. In addition, under the UAA, foreigners can take certain "substitute" foreign accounting exams in lieu of passing the U.S. AICPA CPA exam.
- No payment of Hawaii licensing fees for foreign and out-of-state CPAs practicing in Hawaii despite higher costs of enforcement against these foreign and out-of-state CPA practitioners. Hawaii CPAs would have to shoulder the entire burden of the state's CPA licensing fees, and those fees would probably be increased with the loss of fees from foreign and out-of-state practitioners and increased enforcement costs against foreign and out-of-state practitioners.
- No notice to the Hawaii Board of Public Accountancy by foreigners or out-of-state CPAs practicing public accountancy in Hawaii. Hawaii consumers could no longer readily determine who is allowed to practice as a CPA in Hawaii without searching through 54 other accounting jurisdictions.
- No restriction on solicitation in Hawaii by foreign or out-of-state CPAs.
- No Hawaii professional continuing education requirements that must be met by foreign or out-of-state practitioners in contrast to continuing professional education required for Hawaii CPAs.
- No similar practice rights for Hawaii CPA practitioners in other states or countries unless other states and countries enact this legislation. Only a handful (approximately 10) of primarily Midwest states have enacted similar legislation.
- State legislative control of licensing matters for foreign and out-of-state CPAs practicing in Hawaii would be relinquished to the AICPA and NASBA, two large, national, private membership organizations. The proposed legislation contemplates the AICPA/NASBA Uniform Accountancy model act (UAA) as the determining authority as to which foreign and out-of-state CPAs can permanently practice in Hawaii without a Hawaii license and permit-to-practice. If enacted, the AICPA and NASBA can and will modify each state's licensing laws whenever they modify the UAA, without legislative hearings or input from Hawaii consumers or other interested parties.
- International "mobility" provisions will likely result in a net loss of accounting jobs for Hawaii residents since foreigners will be filling those jobs through foreign in-sourcing.

Page 3 of 4
February 2, 2008

- Fabricates a false solution for a problem that doesn't exist. Although others have argued that mobility legislation is necessary to allow practitioners to prepare out-of-state tax returns because of the new electronic age, CPAs and other tax practitioners have been preparing out-of-state tax returns for decades as a matter of practice, and the Hawaii State Tax Department has no restriction on out-of-state tax preparers preparing Hawaii tax returns.

I vehemently oppose this bill for the reason stated above. In my case, I've worked at a local CPA firm for 10 years, obtained my Enrolled Agent license and have continued to practice as an Enrolled Agent for the past 7 years (total 17 years of experience in the State of Hawaii). I continue to take CPE (continuing education) courses as a mandatory requirement by the IRS. We must take at least 72 hours of CPE courses in a three year period. This allows us to be current with tax issues and changes to the tax law, rules and regulations. If foreigners are allowed to practice WITHOUT requiring the same rules and regulations as those tax professionals that are required to abide by, then you do NOT create a "level playing field". Not only that, you create the problem that many consumers encounter now, which is "outsourcing" to foreign countries. Not only do you have communication issues, you have the question whether they are truly knowledgeable and experienced in the area of federal and especially Hawaii tax law.

How can the State of Hawaii vouch for and ensure that the taxpayers of Hawaii are receiving professional advice from individuals that are knowledgeable and are having their tax returns prepared by "qualified" professionals. Without rules and regulations to conform to and without mandatory requirements for CPE credits, how can the State of Hawaii claim that they are acting in the best interest of the people of Hawaii.

Are the so-called "Big Four" and other organizations truly thinking what is in the best interest and welfare of the People of Hawaii? Or are they just looking for ways to reduce the cost of labor by outsourcing their work to "foreign" individuals.

This thinking even goes against the national trend, which is to "create" jobs for residents of that particular state, not to allow outsourcing to foreign countries or individuals. If we are talking strictly from an economical stand-point there is some validity to that argument, but in this case you are taking the position to allow foreign individuals that may not even have the proper qualification and credentials (i.e., no mandatory CPE credits required, no knowledge of Hawaii tax law, minimal experience in dealing with U.S. and Hawaii tax issues, etc).

The so-called "Big Four" and other organizations that are pushing this bill argue that it will allow the Hawaii "consumer" a larger pool to choose from when it

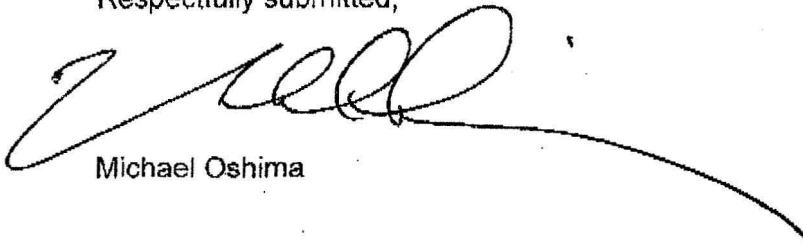
Page 4 of 4
February 2, 2008

comes to tax preparation or advice. But we currently have a "large" pool to choose from. H&R Block, Jackson-Hewitt, and other tax preparation specialist offer affordable fees. If the taxpayers want better professional advise for their particular situation they may choose a more experienced, "qualified" CPA or Enrolled Agent that can assist them. Taxpayers currently have that choice and option available. The proponents may claim it will create more jobs, but it is hard to accept that argument. As a matter of fact it will possibly "eliminate" current jobs or even future jobs for the residents of Hawaii. The Committee must carefully examine and scrutinize why the proponents are pushing this bill and what do they have to "gain" economically by passing this bill.

If the Committee, elected officials, legislatures, Governor Lingle, etc., are truly thinking what is in the best interest of the "taxpayer" of this great state, they will OPPOSE HB 2258. It will not provide any benefit to the residents and taxpayers of Hawaii, it will only do a disservice to the people and create confusion.

I once again urge this committee to oppose HB2258 for the reasons stated above. Thank you for this opportunity to testify.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Michael Oshima', with a long horizontal flourish extending to the right.

Michael Oshima

**KOBAYASHI, DOI & LUM CPAs LLC**

Members: Alan E. Kobayashi • Roy H. Doi • Stanford C.T. Lum • Jon M. Yasuda

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Before the Committee on Consumer Protection and Commerce

Monday, February 4, 2008 at 2:00 PM

Conference Room 325

RE: Opposition to HB 2258

Relating to Public Accountancy

Testimony of Roy H. Doi, CPA

Chair Robert Herkes, Vice-chair Angus McKelvey, and committee members:

I **oppose** HB 2258. The bill as being proposed has the possibility of opening the door to unqualified Certified Public Accountants being permitted to practice in the State of Hawaii.

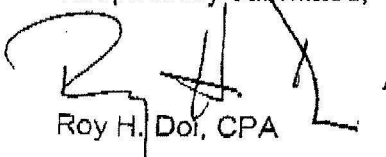
I am a Certified Public Accountant. I am a partner/member with the firm of Kobayashi, Doi & Lum CPAs, LLC. I have been licensed and a practicing CPA in the State of Hawaii for about 30 years.

Chapter 466, Public Accountancy's main purpose is to "protect the public from unqualified persons" professing to have all the qualities of a CPA. Chapter 466 defines what competencies and qualifications a person must have in order to practice as a CPA in Hawaii. HB 2258 as being proposed amends Chapter 466 concerning the issuance of a temporary permit to practice as a CPA in Hawaii. HB 2258 allows for an individual to practice public accountancy in Hawaii without a temporary permit.

Chapter 466, currently allows for the issuance of a temporary permit effective for a period not exceeding three months. The required competencies and qualifications to obtain a temporary permit depend on the laws of the state or country that issued the individual his license. Not all jurisdictions have the some high requirements as Hawaii. HB 2258, grants individuals a permanent permit to practice without meeting the required higher competencies and qualifications required by Chapter 466.

I urge this committee to oppose HB 2258.

Respectfully submitted,



Roy H. Doi, CPA

FREITAS & SAITO, LLP

Certified Public Accountants

Pauahi Tower, Suite 610

1001 Bishop Street

Honolulu, Hawaii 96813

Telephone (808) 564-0110

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Richard E. Freitas

Rodney M. Saito

Before the House Committee on Consumer Protection and Committee

Monday, February 4, 2008

2:00 pm

Conference Room 325

In support of HB 2258

Relating to Public Accountancy

Testimony of Richard E. Freitas, CPA

Partner, Freitas & Saito, CPAs, LLP

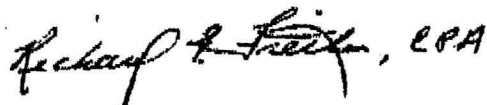
Chair Herkes, Vice Chair McKelvey, and Committee members:

Thank you for the opportunity to testify. My name is Richard E. Freitas and I am a partner in the firm of Freitas & Saito CPAs, LLP. I was born in Kalihi and raised in Kailua. Our family lived on Linapuni Street, in an area currently occupied by Kuhio Park Terrace. I received my bachelors degree with a major in accounting from the University of Hawaii at Manoa. I have been a licensed Certified Public Accountant in the State of Hawaii for over 30 years.

After 30 years in practice, a number of our clients have left Hawaii for business and personal reasons. Some of them have maintained a profession relationship with this firm. We continue to prepare their individual and business tax returns and in certain instances we also prepare financial statements for these mainland clients.

I am in support of this bill as this bill ensures uniform practice privileges in all jurisdictions. For the protection of the general public, this legislation would automatically submit an out-of-state CPA to Hawaii jurisdiction.

Respectfully submitted,



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Richard E. Freitas
Rodney M. Saito

Before the House Committee on Consumer Protection and Committee

Monday, February 4, 2008
2:00 pm
Conference Room 325

In support of HB 2258

Relating to Public Accountancy

Testimony of Rodney Saito, CPA
Partner, Freitas & Saito, CPAs, LLP

Chair Herkes, Vice Chair McKelvey, and Committee members:

It is a privilege to have an opportunity before you to testify in support of HB 2258. My name is Rodney Saito and a partner of Freitas & Saito CPAs, LLP. I was raised in Kalihi and a graduate of Farrington High School. I received my bachelors in accounting from the University of Hawaii at Manoa. I have been a licensed Certified Public Accountant in the State of Hawaii for almost 20 years.

Our firm has clients who lived in Hawaii and made a decision to move their family to the mainland. Although these clients have moved to the mainland, they made a personal decision to retain our firm to prepare their individual tax returns even though they are no longer residents of Hawaii.

I am in support of this bill as this bill ensures uniform practice privileges in all jurisdictions. With mobility, state boards would have jurisdiction over any and all CPAs providing services in their states, whether or not they are physically present. This bill will also ensure uniform practice privileges in all jurisdictions.

Respectfully submitted



Before the House Committee on
Consumer Protection and Commerce

Monday, February 4, 2008
2:00 p.m.
Conference Room 325

In Support of HB 2258
Relating to Public Accountancy

Chair Herkes, Vice Chair McKelvey, and Committee members:

Thank you for the opportunity to testify. My name is Brenda Cutwright. I have been a purchaser of CPA services for over 20 years for a nearly \$500 million company, and now as a consultant, I am frequently asked by my clients to assist them in obtaining CPA services. I am testifying as a consumer of CPA services. I support HB 2258.

There are times that specific and/or highly specialized services are needed on very short notice, most often in the midst of a major transaction. Finding a CPA to render the services needed in the timeframe required can be a monumental task. In some cases, the firm best able to perform the services in the required timeframe can not do so because, while licensed elsewhere, they are not licensed in Hawaii and to obtain a Hawaii license is not possible in the required timeframe. There are also times where the specialized services are not widely available in Hawaii and the few firms in Hawaii that do that kind of work can not accommodate the timeframe due to work load.

Since all CPAs take the same licensing exam and most states require the same education and experience for certification, I do not think the licensing process should be a barrier for Hawaii companies to get the services they need and in the timeframe required, especially if all CPAs doing business in Hawaii, whether licensed here or not, are made to be subject to Hawaii laws, rules and regulations.

Lack of a uniform system adversely affects consumers – it is a significant barrier to consumer choice.

Respectfully submitted,



Brenda F. Cutwright

Before the House Committee on
Consumer Protection and Commerce

Monday, February 4, 2008
2:00 p.m.
Conference Room 325

In Support of HB 2258
Relating to Public Accountancy

Chair Herkes, Vice Chair McKelvey, and Committee members:

Thank you for the opportunity to testify. My name is Terri Fujii and I am CPA in Hawaii. I support HB 2258.

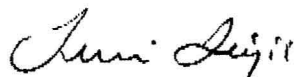
As we are all practicing in a global economy, almost all CPA firms, large or small, are being asked to perform services outside their home state by clients and frequently on short notice (i.e., filing an out-of-state tax return). Since all CPAs take the same licensing exam and most states require the same education and experience for certification, the only major concern about a CPA licensed in one state practicing in another is to be sure that the CPA and the CPA firm are subject to the laws, rules and regulations in any state in which they practice.

With mobility, the Hawaii State Board of Accountancy will have jurisdiction over any and all CPAs providing services in Hawaii, whether or not they are physically present in Hawaii. Increases in interstate commerce and virtual technologies require a uniform system that allows fluid practice across state lines.

Lack of a uniform system adversely affects firms of all sizes and consumers – it is a significant barrier to consumer choice and the CPA’s ability to provide quality services to its clients.

I am testifying as a Hawaii CPA and not as a representative of any organization. My views do not constitute, and do not necessarily match, the official position of any organization.

Respectfully submitted,



Terri Fujii



JAMES F. ROGERS
Certified Public Accountant
Member AICPA

**Before the Committee on Consumer Protection
And Commerce**

**Monday, February 4, 2008 at 2:00 p.m.
Conference Room 325**

Re: Opposition to HB2258
Relating to Public Accountancy

Testimony of James F. Rogers, CPA

Chair Herkes, Vice-chair McKelvey, and committee members:

I oppose HB2258. I am a CPA who has been in practice in Kailua-Kona since 1994. This bill is intended to achieve the same results as HB939 which was heard and held by this committee last year, except that it authorizes the Board of Public Accountancy to enact rules that would accomplish the same thing – i.e., allow less-qualified foreign and out-of-state CPAs to practice public accountancy in Hawaii on a permanent basis without a Hawaii license or permit to practice, and without payment of fees or giving notice to the Board.

This legislation, now termed "mobility" legislation, was formerly promoted for a number of years as "reciprocity", "substantial equivalency", and "practice privileges" by the Hawaii Accountants' Coalition (Big 4 international CPA firms) and has been promoted and supported "in concept" by the Board of Public Accountancy, as evidenced by two separate Board votes on this matter in 2007.

I oppose this "no notice, no fees" mobility legislation, which would involve the following:

- Grants permanent rights to practice public accountancy in Hawaii to foreigners (non-Americans) and out-of-state CPAs without having to obtain a Hawaii CPA license or permit-to-practice.
- Hawaii already grants temporary permits-to-practice to accommodate out-of-state CPAs.
- Lower CPA licensing standards for foreign and out-of-state CPAs who practice in Hawaii versus higher standards that must be met by Hawaii-licensed CPAs. For example, Hawaii's experience requirement of 1,500 hours of audit experience or two years of public accounting experience or its equivalent is higher than the model Uniform

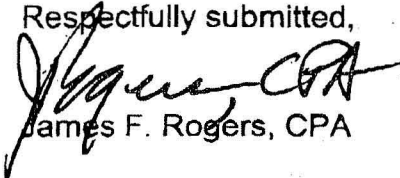
Testimony cont'd

- Accountancy Act's (UAA) standard of one year of general experience. In addition, under the UAA, foreigners can take certain "substitute" foreign accounting exams in lieu of passing the U.S. AICPA CPA exam.
- No payment of Hawaii licensing fees for foreign and out-of-state CPAs practicing in Hawaii despite higher costs of enforcement against these foreign and out-of-state CPA practitioners. Hawaii CPAs would have to shoulder the entire burden of the state's CPA licensing fees, and those fees would probably be increased with the loss of fees from foreign and out-of-state practitioners and increased enforcement costs against foreign and out-of-state practitioners.
- No notice to the Hawaii Board of Public Accountancy by foreigners or out-of-state CPAs practicing public accountancy in Hawaii. Hawaii consumers could no longer readily determine who is allowed to practice as a CPA in Hawaii without searching through 54 other accounting jurisdictions.
- No restriction on solicitation in Hawaii by foreign or out-of-state CPAs.
- No Hawaii professional continuing education requirements that must be met by foreign or out-of-state practitioners in contrast to continuing professional education required for Hawaii CPAs.
- No similar practice rights for Hawaii CPA practitioners in other states or countries unless other states and countries enact this legislation. Only a handful (approximately 10) of primarily Midwest states have enacted similar legislation.
- State legislative control of licensing matters for foreign and out-of-state CPAs practicing in Hawaii would be relinquished to the AICPA and NASBA, two large, national, private membership organizations. The proposed legislation contemplates the AICPA/NASBA Uniform Accountancy model act (UAA) as the determining authority as to which foreign and out-of-state CPAs can permanently practice in Hawaii without a Hawaii license and permit-to-practice. If enacted, the AICPA and NASBA can and will modify each state's licensing laws whenever they modify the UAA, without legislative hearings or input from Hawaii consumers or other interested parties.
- International "mobility" provisions will likely result in a net loss of accounting jobs for Hawaii residents since foreigners will be filling those jobs through foreign in-sourcing.
- Fabricates a false solution for a problem that doesn't exist. Although others have argued that mobility legislation is necessary to allow practitioners to prepare out-of-state tax returns because of the new electronic age, CPAs and other tax practitioners have been preparing out-of-state tax returns for decades as a matter of practice, and the Hawaii State Tax Department has no restriction on out-of-state tax preparers preparing Hawaii tax returns.

Testimony cont'd

I urge this committee to oppose HB2258 for the reasons stated above, and because I strongly disagree with the Board's position on this matter. Thank you for this opportunity to testify.

Respectfully submitted,



James F. Rogers, CPA

FUJIEKI FUKUHARA & CO., CPA, INC.

1585 Kapiolani Blvd., Suite 1218
Honolulu, Hawaii 96814

Before the Committee on Consumer Protection
And Commerce

Monday, February 4, 2008 at 2:00 p.m.
Conference Room 325

Re: Opposition to HB2258
Relating to Public Accountancy

Testimony of Robert H. Fukuhara Jr.

Chair Herkes, Vice-chair McKelvey, and committee members:

I oppose HB2258. I am a Certified Public Accountant practicing in the State of Hawaii for the past 25 years. This bill is intended to achieve the same results as HB939 which was heard and held by this committee last year, except that it authorizes the Board of Public Accountancy to enact rules that would allow less-qualified foreign and out-of-state CPAs to practice public accountancy in Hawaii on a permanent basis without a Hawaii license, permit to practice, without payment of fees or giving notice to the Board.

This legislation, now termed "mobility" legislation, was formerly promoted for a number of years as "reciprocity", "substantial equivalency", and "practice privileges" by the Hawaii Accountants' Coalition which consists of the **Big 4 International CPA firms** and has been promoted and supported "in concept" by the Board of Public Accountancy, as evidenced by two separate Board votes on this matter in 2007.

I oppose this "no notice, no fees" mobility legislation, which would involve the following:

- Grants permanent rights to practice public accountancy in Hawaii to foreigners (non-Americans) and out-of-state CPAs without having to obtain a Hawaii CPA license or permit-to-practice.
- Hawaii already grants temporary permits-to-practice to accommodate out-of-state CPAs.
- Lower CPA licensing standards for foreign and out-of-state CPAs who practice in Hawaii versus higher standards that must be met by Hawaii-licensed CPAs. For example, Hawaii's experience requirement of 1,500 hours of audit experience or two years of public accounting experience or its equivalent is higher than the model Uniform Accountancy Act's (UAA) standard of one year of general experience. In addition, under the UAA, foreigners can take certain "substitute" foreign accounting exams in lieu of passing the U.S. AICPA CPA exam.
- No payment of Hawaii licensing fees for foreign and out-of-state CPAs practicing in Hawaii despite higher costs of enforcement against these foreign and out-of-

state CPA practitioners. Hawaii CPAs would have to shoulder the entire burden of the state's CPA licensing fees, and those fees would probably be increased with the loss of fees from foreign and out-of-state practitioners and increased enforcement costs against foreign and out-of-state practitioners.

- No notice to the Hawaii Board of Public Accountancy by foreigners or out-of-state CPAs practicing public accountancy in Hawaii. Hawaii consumers could no longer readily determine who is allowed to practice as a CPA in Hawaii without searching through 54 other accounting jurisdictions.
- No restriction on solicitation in Hawaii by foreign or out-of-state CPAs.
- No Hawaii professional continuing education requirements that must be met by foreign or out-of-state practitioners in contrast to continuing professional education required for Hawaii CPAs.
- No similar practice rights for Hawaii CPA practitioners in other states or countries unless other states and countries enact this legislation. Only approximately 10 primarily Midwest states have enacted similar legislation.
- State legislative control of licensing matters for foreign and out-of-state CPAs practicing in Hawaii would be relinquished to the AICPA and NASBA, two large, national, private membership organizations. The proposed legislation contemplates the AICPA/NASBA Uniform Accountancy model act (UAA) as the determining authority as to which foreign and out-of-state CPAs can permanently practice in Hawaii without a Hawaii license and permit-to-practice. If enacted, the AICPA and NASBA can and will modify each state's licensing laws whenever they modify the UAA, without legislative hearings or input from Hawaii consumers or other interested parties.
- International "mobility" provisions will likely result in a net loss of accounting jobs for Hawaii residents since foreigners will be filling those jobs through foreign in-sourcing.
- Fabricates a false solution for a problem that doesn't exist. Although others have argued that mobility legislation is necessary to allow practitioners to prepare out-of-state tax returns because of the new electronic age, CPAs and other tax practitioners have been preparing out-of-state tax returns for decades as a matter of practice, and the Hawaii State Tax Department has no restriction on out-of-state tax preparers preparing Hawaii tax returns.

I urge this committee to oppose HB2258 for the reasons stated above, and because I strongly disagree with the Board's position on this matter. Thank you for this opportunity to testify.

Respectfully submitted,

Robert H. Fukuhara Jr.
Certified Public Accountant
February 1, 2008



HAWAII ASSOCIATION OF PUBLIC ACCOUNTANTS

Organized August 7, 1943
P.O. BOX 61043
HONOLULU, HAWAII 96839



Before the Committee on Consumer Protection and Commerce

Monday, February 4, 2008 at 2:00 p.m.
Conference Room 325

Re: **Opposition to HB2258**

Relating to Public Accountancy

Testimony of Marilyn M. Niwao, J.D., CPA

Chair Herkes, Vice-chair McKelvey, and committee members:

HAPA opposes HB2258. I am a CPA and attorney in the State of Hawaii, and I am a past president, current State director, and legislative co-chairperson of the Hawaii Association of Public Accountants (HAPA). I have over 29 years of experience in public accounting, working first for two of the international accounting firms before starting my firm of Niwao & Roberts, CPAs, a P.C. on Maui.

This bill is intended to achieve the same results as HB939 which was heard and held by this committee last year, except that it authorizes the Board of Public Accountancy to enact rules that would accomplish the same thing – i.e., allow less-qualified foreign and out-of-state CPAs to practice public accountancy in Hawaii on a permanent basis without a Hawaii license or permit to practice, and without payment of fees or giving notice to the Board.

This legislation, now termed “mobility” legislation, was formerly promoted for a number of years as “reciprocity”, “substantial equivalency”, and “practice privileges” by the Hawaii Accountants’ Coalition (Big 4 international CPA firms) and has been promoted and supported “in concept” by the Board of Public Accountancy, as evidenced by two separate Board votes on this matter in 2007.

HAPA opposes this “no notice, no fees” mobility legislation, which provides for the following:

- Grants permanent rights to practice public accountancy in Hawaii to foreigners (i.e., non-Americans, nonresidents) and out-of-state CPAs without having to obtain a Hawaii CPA license or permit-to-practice.
- Hawaii already grants temporary permits-to-practice to accommodate out-of-state CPAs.

- Lower CPA licensing standards for foreign and out-of-state CPAs who practice in Hawaii versus higher standards that must be met by Hawaii-licensed CPAs. For example, Hawaii's experience requirement of 1,500 hours of audit experience or two years of public accounting experience or its equivalent is higher than the model Uniform Accountancy Act's (UAA) standard of one year of general experience. In addition, under the UAA, foreigners can take certain "substitute" foreign accounting exams in lieu of passing the U.S. AICPA CPA exam.
- No payment of Hawaii licensing fees for foreign and out-of-state CPAs practicing in Hawaii despite higher costs of enforcement against these foreign and out-of-state CPA practitioners. Hawaii CPAs would have to shoulder the entire burden of the state's CPA licensing fees, and those fees would probably be increased with the loss of fees from foreign and out-of-state practitioners and increased enforcement costs against foreign and out-of-state practitioners.
- No notice to the Hawaii Board of Public Accountancy by foreigners or out-of-state CPAs practicing public accountancy in Hawaii. Hawaii consumers could no longer readily determine who is allowed to practice as a CPA in Hawaii without searching through 54 other accounting jurisdictions.
- No restriction on solicitation in Hawaii by foreign or out-of-state CPAs.
- No Hawaii professional continuing education requirements that must be met by foreign or out-of-state practitioners in contrast to continuing professional education required for Hawaii CPAs.
- No similar practice rights for Hawaii CPA practitioners in other states or countries unless other states and countries enact this legislation. Only a handful (approximately 10) of primarily Midwest states have enacted similar legislation.
- State legislative control of licensing matters for foreign and out-of-state CPAs practicing in Hawaii would be relinquished to the AICPA and NASBA, two large, national, private membership organizations. The proposed legislation contemplates the AICPA/NASBA Uniform Accountancy model act (UAA) as the determining authority as to which foreign and out-of-state CPAs can permanently practice in Hawaii without a Hawaii license and permit-to-practice. If enacted, the AICPA and NASBA can and will modify each state's licensing laws whenever they modify the UAA, without legislative hearings or input from Hawaii consumers or other interested parties.

- International “mobility” provisions will likely result in a net loss of accounting jobs for Hawaii residents since foreigners will be filling those jobs through foreign in-sourcing.
- Fabricates a false solution for a problem that doesn’t exist. Although others have argued that mobility legislation is necessary to allow practitioners to prepare out-of-state tax returns because of the new electronic age, CPAs and other tax practitioners have been preparing out-of-state tax returns for decades as a matter of practice, and the Hawaii State Tax Department has no restriction on out-of-state tax preparers preparing Hawaii tax returns.

HAPA conducted a survey of its members in January 2008 regarding mobility, where two sides of the mobility issue were presented (one presentation by HAPA, the other by the HSCPA). **The results of the mobility survey were as follows:**

CPA MOBILITY SURVEY

Total Respondents – 160 individuals

Total in favor of mobility – 4

Total OPPOSED TO mobility – 156

Total CPAs responding – 103

Total PAs responding – 2

Total CPAs + PAs responding – 105

Total CPAs + PAs in favor of mobility – 1

Total CPAs + PAs OPPOSED TO mobility – 104

(Note: Only CPA who voted in favor of mobility is a Board of Public Accountancy member, HSCPA member, and AICPA member)

The remaining respondents to the survey were:

CPA Firm Staff – 38

EAs – 5

Other (including retired) - 12

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Total respondents who are AICPA members – 72

Total respondents, AICPA members, who OPPOSE mobility – 71

.....

Total respondents who are HSCPA members – 74

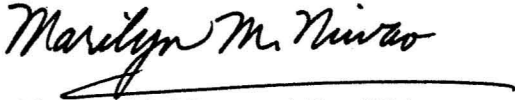
Total respondents, HSCPA members, who OPPOSE mobility - 73

Sample comments of mobility survey respondents are attached.

Based upon the above, HAPA strongly urges you to oppose HB2258. Both our HAPA board and membership strongly oppose mobility legislation since Hawaii already provides temporary permits to practice (for a fee) to out-of-state practitioners and for the reasons stated above.

Thank you for this opportunity to testify. If you have any questions concerning the above, please do not hesitate to contact me at (808) 242-4600, ext. 224.

Respectfully submitted,



Marilyn M. Niwao, J.D., CPA
HAPA State Director and Legislative Committee Co-chairperson

Enclosure

HAWAII ASSOCIATION OF PUBLIC ACCOUNTANTS
SELECTED MOBILITY SURVEY COMMENTS – JANUARY 2008
(printed with permission of respondents)

OPPOSITION TO CPA MOBILITY (HB2258)

Roy Doi, CPA, Oahu:

The idea is to “protect the public.” So how does mobility “protect the public”? Doesn’t it have the opposite effect?

Lawson Nakano, Oahu:

All public accountants should be held to ONE standard – the highest one that is acceptable. When all practitioners are of the same qualifications, only then should they all be considered as interchangeable/replaceable.

Darlene Ferrantino, CPA, Big Island:

Same pay – same fee or higher to support our local people first.

Herbert Nakayama, CPA, Big Island:

We cannot reduce our standards. (Some states’ standards are lower.)

Sandra Silva, Big Island:

This proposed legislation is unfair to Hawaii CPAs.

James Yoshiyama, CPA, Big Island:

Carol Weir, Big Island:

Why would we want to lower our state standards?

Alben Namihira, CPA, Big Island:

I agree with the HAPA position.

Lois Kashiwada, CPA, Oahu:

I think the legislation discriminates against Hawaii-licensed CPAs because it holds us to higher licensing standards. The HSCPA position centers on mobility and about Hawaii-licensed CPAs preparing out-of-state returns for our clients. However, it does not really address the situation which will result in Hawaii if foreigners and out-of-state CPAs can practice public accountancy in Hawaii without obtaining a Hawaii CPA license or permit to practice.

**HAWAII ASSOCIATION OF PUBLIC ACCOUNTANTS
TESTIMONY IN OPPOSITION TO CPA MOBILITY (HB2258)
(SURVEY COMMENTS, PAGE 2)**

Leslie Kaya, CPA, Oahu:

The public is well aware of the education and licensing requirements to retain the designation of CPA in Hawaii. As such, to allow someone to put himself out as a CPA in Hawaii without having undergone the same requirements is misleading to the public. My opposition is not meant to allow public accounting in Hawaii to a select few, but to resist efforts such as this legislation which cheapens the product.

Stanley Endo, CPA, Oahu:

I agree with HAPA's position on CPA mobility.

Phyllis Shea, CPA, Oahu:

To do so would be a dilution of the profession. In a way it would be a reverse discrimination against the Hawaii practitioner.

Nancy Evans Tudor, CPA, Oahu:

All the mobility rules do is to allow large firms to move managing partners from one state to another without notifying the state Dept. of Commerce. Licensing laws are to protect the public. Allowing someone to practice without registering does not serve the public.

Keynes D. Von Elsner, CPA, Oahu:

Proponents come from the same ilk as those who enabled Enron.

Eric Watanabe, CPA, Oahu:

This legislation is unfair to Hawaii's CPA's and may be detrimental to the local public. This opens a lot of opportunities for foreign and out-of-state CPA's to dupe the public. Similar to out-of-state did to Kauai residents during Iniki.

Farron Maielua, Maui:

I am currently an accounting student and find this proposed legislation very unsettling. Accounting is by far one of the most challenging subjects a person can study. To know that this effort, that many have undertaken and will undertake, is going to be for naught is disheartening. I happen to care about this country's economic future and feel that in order to keep it running we need to have some level of job security and standards for our workers. This legislation is looking to bypass the well-being of America's future generations just to fill the greedy pockets of huge corporations. The only people that will benefit are the big wigs. That is why I am completely against this, and if it does pass, anyone involved with that seriously needs to question their motive and ethical standards.

**HAWAII ASSOCIATION OF PUBLIC ACCOUNTANTS
TESTIMONY IN OPPOSITION TO CPA MOBILITY (HB2258)
(SURVEY COMMENTS, PAGE 3)**

Bryan Tokumoto, CPA, Oahu:

Why should these get a freebie when we pay licensing fees? This should apply not only to "firms" but out of state "staff members".

Eugene Simon, EA, Maui:

My office regularly utilizes the services of CPAs to audit the financial statements of a few clients. I depend on them to know more than myself about GAAP, not less.

Lloyd Y. Kimura, CPA, Maui:

There should be a level playing field. Outside CPAs should meet same requirements as Hawaii State CPAs.

John W. Roberts, CPA, Maui:

No to outsourcing. No to foreign in-sourcing. Thank you for asking for my views. I wish the AICPA and HSCPA polled their members and were responsive to their needs rather than telling practitioners what to think.

Hui Wu, Oahu:

My experience tells me that foreigners need to understand Hawaii state laws and regulations of industries in order to provide certified services to clients.

Thomas Kim, CPA, Oahu:

We have a fixed pie and this legislation would lead to decreased amount of work for us, small practitioners.

Robin Ventura, Maui:

It is ridiculous to let others come in a practice with no license or fees. Why should Hawaii residents be hamstrung with these expenses and higher standards, if you let outsiders come in for free?

Ryan Shimada, CPA, Maui:

I had an experience with someone not licensed in Hawaii from a foreign country. We had to straighten out a number of items on the financial statements. It was not a pleasant experience on the part of clients and us. I believe everyone should be subject to the same standards to protect even the public. I strongly support HAPA's position.

**HAWAII ASSOCIATION OF PUBLIC ACCOUNTANTS
TESTIMONY IN OPPOSITION TO CPA MOBILITY (HB2258)
(SURVEY COMMENTS, PAGE 4)**

Lilebeth Almogela, Maui:

Not fair for Hawaii CPAs. Should have equal laws and standards for everyone practicing in Hawaii.

Michael Bates, CPA, Oahu:

Hawaii CPA's already have a hard time making a decent living. Low-cost competitors could drive residents out of the CPA business here.

Jennie Kimura, Maui:

Local practitioners are at a disadvantage. Not same level playing field. State Board of Accountancy will have no oversight and no idea who else practices in State of Hawaii. This will leave public open and vulnerable with no recourse.

Vaughn Cook, CPA, Big Island:

I see no need to implement the proposed legislation. Supposed "problem" of Hawaii CPAs preparing out of state tax returns is not solved because most states, e.g., CA, NY, NJ, etc., are not part of coalition – so "problem" continues even if legislation passes.

Kin Leng Carol Lau, CPA, Oahu:

What a downgrade on our CPA status in Hawaii.

Larry Isao Ikeda, Big Island:

I like HAPA's eighth point (i.e. no similar practice rights for Hawaii CPA...) and last point (i.e. fabricates a false solution...).

Raymond Yamasaki, CPA, Oahu:

Agree with HAPA position.

Lisa Kato, CPA, Oahu:

We cannot lower the licensing standards.

Peter Matsumoto, CPA, Oahu:

Yes, it would infringe on local practitioners income and the legislation is not fair to the small practitioners.

**HAWAII ASSOCIATION OF PUBLIC ACCOUNTANTS
TESTIMONY IN OPPOSITION TO CPA MOBILITY (HB2258)
(SURVEY COMMENTS, PAGE 5)**

Numia Blackwell, EA, Maui:

Should meet Hawaii standards, education, and fees, etc.

Eric Umetsu, CPA, Maui:

Yes. We need to protect the public.

Michael Oshima, EA, Oahu:

Based on position stated by HAPA, I strongly oppose Coalition's proposal.

Marilyn M. Niwao, J.D., CPA, Maui:

This legislation does not benefit small firm CPAs in Hawaii. It will result in a loss of jobs for Hawaii residents and simply does not make sense. It is also bad for Hawaii consumers since it will be much more difficult and costly to try to enforce malpractice claims against foreign and out-of-state practitioners.

Deane Endo, Oahu:

CPA Mobility Legislation should not be adopted under any circumstances since Hawaii does not currently restrict tax return preparation by out-of-state CPAs.