

STAND. COM. REP. NO. 1567

Honolulu, Hawaii

Apr: 17, 2009

RE: S.B. No. 55
S.D. 1
H.D. 1

Honorable Calvin K.Y. Say
Speaker, House of Representatives
Twenty-Fifth State Legislature
Regular Session of 2009
State of Hawaii

Sir:

Your Committee on Consumer Protection & Commerce, to which was referred S.B. No. 55, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO PUBLIC ACCOUNTANCY,"

begs leave to report as follows:

The purpose of this bill is to repeal the requirement that firms obtain a permit to practice public accountancy, as this requirement has not been enforced since its establishment.

The Hawaii Association of Public Accountants and several concerned individuals testified in support of this bill. The Board of Public Accountancy (Board) and numerous concerned individuals opposed this measure.

Since 1989, section 466-7, Hawaii Revised Statutes, has required public accountancy firms to obtain permits to practice. However, these permits have never been issued because the Board has yet to adopt administrative rules to implement the standards and process for obtaining permits for firms. This bill proposes a repeal of the permit requirement for firms because of the lack of implementation. However, the Board has stated that implementing rules are forthcoming, awaiting the Governor's approval to proceed to public hearing sometime in June of this year.

SB55 HD1 HSCR CPC HMS 2009-3460




Accordingly, your Committee has amended this bill by:

- (1) Suspending, rather than repealing, the public accountancy firm permit requirement until 180 days after the effective date of administrative rules prescribing the methods and requirements for firm permit applications;
- (2) Terminating rights and duties that matured, penalties that were incurred, and proceedings based on acts or omissions arising under the firm permit requirement during the period leading up until the time the requirement is reenacted with implementing rules under this bill;
- (3) Requiring the Board to continue its efforts in adopting rules implementing the firm permit requirement; and
- (4) Making technical, nonsubstantive amendments for clarity and style.

In making these amendments, it is not your Committee's intent to facilitate attempts to frustrate the eventual reenactment of the public accountancy firm permit requirement through potential delays in the rulemaking process.

As affirmed by the record of votes of the members of your Committee on Consumer Protection & Commerce that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 55, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 55, S.D. 1, H.D. 1, and be placed on the calendar for Third Reading.

Respectfully submitted on
behalf of the members of the
Committee on Consumer
Protection & Commerce,



ROBERT N. HERKES, Chair



