

STAND. COM. REP. NO.

494

Honolulu, Hawaii

Feb 20, 2009

RE: H.B. No. 995  
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 Committees on Consumer Protection & Commerce and  
Judiciary, to which was referred H.B. No. 995 entitled:

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

beg leave to report as follows:

The purpose of this bill is to clarify the laws governing the  
practice of public accountancy in Hawaii by firms and individuals  
licensed in other states, by authorizing the out-of-state practice  
of public accountancy in Hawaii conducted through an individual  
with a permit or privilege to practice in this state.

The Board of Public Accountancy (Board), the Hawaii Society  
of Certified Public Accountants, Accuity LLP, and a concerned  
individual testified in support of this bill. The Hawaii  
Association of Public Accountants and numerous concerned  
individuals opposed this measure.

Your Committees have amended this bill by:

- (1) Requiring out-of-state firms and practitioners to notify  
the Board before practicing in Hawaii;
- (2) Providing that out-of-state firms and practitioners  
practicing in Hawaii:
  - (A) Are subject to the jurisdiction and disciplinary  
authority of Hawaii courts;

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- (B) Must comply with the Uniform Professional and Vocational Licensing Act, Chapter 436B, Hawaii Revised Statutes;
  - (C) Are deemed to have irrevocably appointed the regulatory agency of the state that issued the firm or practitioner's license as its agent for the service of process in any action or proceeding by the Board against the firm;
  - (D) Must cease practicing in Hawaii and notify the Board of the entry or issuance of any criminal conviction or disciplinary order, or if the firm's or practitioner's license in the state of its principal place of business becomes inactive, lapses, or is forfeited; and
  - (E) Must cooperate with any Board investigation or inquiry, and timely respond to any Board request, notice, demand, or subpoena for information or documents;
- (3) Authorizing the Board to:
- (A) Disqualify an out-of-state firm or practitioner from exercising practice privileges under this measure upon the Board's determination that the firm or practitioner has used the privilege for a length of time and to an extent that is effectively equivalent to establishing an office in Hawaii;
  - (B) Take disciplinary action against those violating the provisions of this measure;
  - (C) Recover all reasonable costs incurred as part of its investigative, administrative, and disciplinary proceedings, from any firm or practitioner disciplined for failure to comply with this measure; and
  - (D) Adopt rules providing that practitioners licensed in certain states do not qualify for practice privileges under this measure because the licensing requirements in those states are substantially lower than comparable requirements in Hawaii. Practitioners from such states may obtain practice

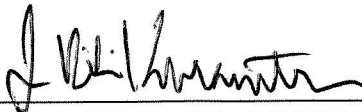


privileges upon demonstrating completion of education and experience requirements comparable to those required for Hawaii practitioners;

- (4) Providing that this measure applies to the practice of public accountancy in Hawaii, regardless of whether the services are rendered through direct physical presence or through electronic communications;
- (5) Inserting a sunset date for this measure of June 1, 2012; and
- (6) Making technical, nonsubstantive amendments for clarity and style.

As affirmed by the records of votes of the members of your Committees on Consumer Protection & Commerce and Judiciary that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 995, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 995, H.D. 1, and be referred to the Committee on Finance.

Respectfully submitted on behalf of the members of the Committees on Consumer Protection & Commerce and Judiciary,



JON RIKI KARAMATSU, Chair



ROBERT N. HERKES, Chair





