

JAN 21 2011

A BILL FOR AN ACT

RELATING TO PUBLIC ACCOUNTANCY.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. The legislature finds that certified public
2 accountants and accountancy firms sometimes provide services for
3 Hawaii clients both from within and outside of the State.
4 However, the board of accountancy does not currently have
5 specific authority to regulate out of state accountants and
6 accountancy firms, nor are there clear limits within the law on
7 the types of services that may be performed without a Hawaii
8 license.

9 The purpose of this Act is to regulate out-of-state
10 certified public accountants and accountancy firms by
11 establishing clear standards, including a limited privilege to
12 practice within the State, and by subjecting all certified
13 public accountants and accountancy firms to oversight by the
14 state board of public accountancy.

15 SECTION 2. Chapter 466, Hawaii Revised Statutes, is
16 amended by adding two new sections to be appropriately
17 designated and to read as follows:



1 "§466-A Out-of-state practitioners; limited practice. (a)

2 An individual with a valid license to practice public
3 accountancy issued by a state other than Hawaii, a territory of
4 the United States, or the District of Columbia, whose principal
5 place of business is outside of this State and who does not
6 reside or maintain an office in this State, may practice public
7 accountancy in this State subject to the restrictions and
8 conditions of this section.

9 (b) A firm with a valid license to practice public
10 accountancy issued by a state other than Hawaii, a territory of
11 the United States, or the District of Columbia, which has its
12 principal place of business outside of this State and does not
13 maintain an office in this State, may practice public
14 accountancy in this State subject to the restrictions and
15 conditions of this section; provided that all work performed by
16 the firm is performed by an individual who holds a valid permit
17 to practice public accountancy pursuant to this chapter or is
18 authorized to practice public accountancy pursuant to this
19 section.

20 (c) Each individual or firm that practices public
21 accountancy in this State pursuant to this section shall:



- 1 (1) Be subject to the personal and subject matter
2 jurisdiction of the courts of this State and to the
3 regulatory authority of the board;
- 4 (2) Comply with the requirements of this chapter, chapter
5 436B, the rules of the board, and the same
6 professional standards applicable to individuals and
7 firms licensed pursuant to this chapter;
- 8 (3) Be deemed to have irrevocably appointed the regulatory
9 agency of the jurisdiction that issued the individual
10 or firms' license as the individual or firm's agent
11 upon whom process may be served in any action or
12 proceeding by the board;
- 13 (4) Cooperate with any investigation or inquiry by the
14 board, including by timely responding to any
15 investigation, inquiry, request, notice, demand, or
16 subpoena for information or documents and timely
17 providing requested information or documents to the
18 board; and
- 19 (5) Immediately cease to practice public accountancy
20 within this State:
- 21 (A) Upon the entry of any criminal conviction; or



1 (B) If the individual or firm's license to practice
2 public accountancy from the jurisdiction of the
3 individual or firm's principal place of business:

4 (i) Is suspended or revoked by administrative
5 order; or

6 (ii) Expires, lapses, is forfeited, or becomes
7 inactive.

8 (d) An individual who practices public accountancy in this
9 State pursuant to this section shall practice through a firm
10 that holds a license and permit issued under this chapter when
11 providing or offering to provide the following services to an
12 entity that has its principal office in this State:

13 (1) A financial statement audit or review in accordance
14 with the Statements on Auditing Standards or the
15 Statements on Standards for Accounting and Review
16 Services of the American Institute of Certified Public
17 Accountants;

18 (2) An examination of prospective financial information in
19 accordance with the Statements on Standards of
20 Attestation Engagements of the American Institute of
21 Certified Public Accountants; and



1 (3) An engagement in accordance with the auditing
2 standards of the Public Company Accounting Oversight
3 Board or its successor agency.

4 (e) A firm that practices public accountancy in this State
5 pursuant to this section shall not be authorized to provide or
6 offer to provide the following services:

7 (1) A financial statement audit or review in accordance
8 with the Statements on Auditing Standards or the
9 Statements on Standards for Accounting and Review
10 Services of the American Institute of Certified Public
11 Accountants;

12 (2) An examination of prospective financial information in
13 accordance with the Statements on Standards of
14 Attestation Engagements of the American Institute of
15 Certified Public Accountants; and

16 (3) An engagement in accordance with the auditing
17 standards of the Public Company Accounting Oversight
18 Board or its successor agency.

19 (f) For purposes of this section, practice within this
20 State includes the performance of professional accountancy
21 services for persons residing or entities having their principal
22 office in this State, regardless of whether the services are



1 rendered through direct physical presence in the State or
2 through communications from outside of the State.

3 (g) Noncompliance with this section shall be a violation
4 of this chapter subject to section 466-9. The board may recover
5 all reasonable costs incurred as part of its investigative,
6 administrative, and disciplinary proceedings from any individual
7 or firm subject to disciplinary action under this subsection.

8 §466-B Oversight of licensee's out-of-state activities. A
9 person or firm licensed pursuant to this chapter that offers or
10 performs services in a state other than Hawaii, a territory of
11 the United States, or the District of Columbia, shall be subject
12 to section 466-9 for any act committed in another state if that
13 act would be grounds for disciplinary action in this State. The
14 board may request an investigation by the regulatory agency of
15 another state or territory for the purposes of enforcing this
16 section."

17 SECTION 3. In codifying the new sections added by section
18 2 of this Act, the revisor of statutes shall substitute
19 appropriate section numbers for the letters used in designating
20 the new sections in this Act.

21 SECTION 4. New statutory material is underscored.
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1 SECTION 5. This Act shall take effect on July 1, 2011.

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INTRODUCED BY:

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Report Title:

Public Accountancy; Portability of License

Description:

Authorizes individuals and firms holding an out-of-state license to practice public accountancy to practice public accountancy within this State, subject to certain limitations. Authorizes the board of public accountancy to take disciplinary measures against an in-state licensee for violations committed in another jurisdiction.

The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.

