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**STATE OF HAWAII  
OFFICE OF THE DIRECTOR  
DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS**

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DEPUTY DIRECTOR

**PRESENTATION OF THE PROFESSIONAL AND  
VOCATIONAL LICENSING DIVISION**

TO THE HOUSE COMMITTEE ON VETERANS, MILITARY, &  
INTERNATIONAL AFFAIRS, & CULTURE AND THE ARTS

TWENTY-SEVENTH LEGISLATURE  
Regular Session of 2013

Wednesday, February 13, 2013  
8:30 a.m.

**TESTIMONY ON HOUSE BILL NO. 1381, RELATING TO PROFESSIONAL AND  
VOCATIONAL LICENSING.**

THE HONORABLE K. MARK TAKAI, CHAIR,  
AND MEMBERS OF THE COMMITTEE:

My name is Celia Suzuki, Licensing Administrator for the Professional and Vocational Licensing Division, Department of Commerce and Consumer Affairs ("Department"). The Department appreciates the opportunity to submit testimony in opposition to House Bill No. 1381, Relating to Professional and Vocational Licensing.

The purpose of House Bill No. 1381 is to amend Hawaii Revised Statutes ("HRS") Chapter 436B, to include nonresident military spouses when considering relevant education, training, or service, and requires other applicants to have served in a combat zone after September 11, 2001, and provide retirement, separation, or discharge documentation.

Testimony on House Bill No. 1381  
February 13, 2013  
Page 2

While the Department acknowledges the intent of the bill, we have grave concerns. The section title on Page 1, lines 5-8, reads “Licensure by endorsement or licensure by reciprocity; acceptance of **military** education, training, or service”, which is not appropriate because nonresident military spouses would generally not have military education, training, or service. Furthermore, adding nonresident military spouses to this section is unnecessary as HRS sections 436B-14.6 and 436B-14.7 already codifies licensure by endorsement or license by reciprocity for nonresident military spouses.

For the aforementioned reasons, we respectfully request that this bill be held. Thank you for the opportunity to provide testimony on House Bill No. 1381.



OFFICE OF THE DEPUTY ASSISTANT SECRETARY OF DEFENSE  
(MILITARY COMMUNITY AND FAMILY POLICY)

4000 DEFENSE PENTAGON  
WASHINGTON, D.C. 20301-4000

DoD-State Liaison Office

**Representative K. Mark Takai,  
Veterans, Military, and International Affairs & Culture and the Arts Committee  
February 12, 2013**

**Testimony of**

**Laurie Crehan, Ed.D., Quality of Life Regional Liaison, DoD-State Liaison Office  
Office of the Deputy Assistant Secretary of Defense, Military Community & Family Policy**

**HB 1381 Relating to Professional and Vocational Licenses**

Chair Takai and Members of the VMI Committee:

On behalf of the Department of Defense, I would like to thank you for the opportunity to submit testimony today on HB1381, a bill relating to Professional and Vocational Licenses. My name is Laurie Crehan. I am with the Department of Defense State Liaison Office which operates under the direction of the Under Secretary of Defense for Personnel and Readiness and the Deputy Assistant Secretary of Defense for Military Community and Family Policy.

Allowing separating Service members to transfer a current license in good standing from another state through endorsement or reciprocity will help them obtain a license in Hawaii and return to work. The policies in HB1381 will certainly facilitate that process. However, restricting those eligible to use their education and experience acquired in obtaining a license in another state toward a license in Hawaii to those Service members who served in a combat zone implies that many other deserving veterans who did not serve in a combat zone will have to repeat coursework and experience they have already completed. We would like to see all veterans included in the application of this policy. The requirement of an honorable or general discharge is acceptable.

Another issue transitioning Service members often face when they move from one state to another with a license in good standing is timely endorsement or reciprocity. Providing the veteran with a temporary license while they are waiting for the permanent license to be issued would also help our veterans return to work quickly. The policy on temporary licenses found in HB2257 enacted last year could be adapted to separating Service members.

**[\$436B-14.7] Licensure by endorsement or licensure by reciprocity; initial acceptance by affidavit; temporary license.** (a) If a nonresident military spouse holds a current license in another state, district, or territory of the United States with licensure requirements that the licensing authority determines are equivalent to or exceed those established by the licensing authority of this State, that nonresident military spouse shall receive a license pursuant to applicable statutes or requirements of the licensing authority of this State regarding licensure by endorsement or licensure by reciprocity; provided that the nonresident military spouse:

- (1) Has not committed an act in any jurisdiction that would have constituted grounds for the limitation, suspension, or revocation of a license; has never been censured or had other disciplinary action taken; has not had an application for licensure denied; or has not refused to practice a profession or vocation for which the nonresident military spouse seeks licensure;
- (2) Has not been disciplined by a licensing or credentialing entity in another jurisdiction; is not the subject of an unresolved complaint, review procedure, or disciplinary proceeding conducted by a licensing or credentialing entity in another jurisdiction; and has not surrendered membership on any professional staff in any professional association, society, or faculty for another state or licensing jurisdiction while under investigation or to avoid adverse action for acts or conduct similar to acts or conduct which would constitute grounds for disciplinary action in this State;
- (3) Pays any fees required by the licensing authority of this State; and
- (4) Submits with the application a signed affidavit stating that application information, including necessary prior employment history, is true and accurate. Upon receiving the affidavit, the licensing authority shall issue the license to the nonresident military spouse and may revoke the license at any time if the information provided in the application is found to be false.

(b) The licensing authority shall issue to the nonresident military spouse a temporary license to allow the nonresident military spouse to perform specified services, under the supervision of a professional licensed by this State if appropriate, while completing any requirements necessary for licensure in this State; provided that a temporary license shall only be issued in those professions where credentials, experience, or passage of a national exam is substantially equivalent to or exceed those established by the licensing authority of this State.

(c) The licensing authority shall expedite consideration of the application and issuance of a license by endorsement, license by reciprocity, or temporary license to a nonresident military spouse who meets the requirements of this section. [L 2012, c 247, pt of §1]

In closing, let me say that we are grateful for the tremendous effort that Hawaii has historically given in supporting our service members and their families.



Dr. Laurie Crehan  
Regional State Liaison  
DoD State Liaison Office  
703-380-6538  
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**Testimony to the House Committee on Veterans, Military,  
International Affairs, and Culture and the Arts**

**Wednesday, February 13, 2013**

**8:30 AM**

**Conference Room 312**

**RE: HOUSE BILL NO. 1381, RELATING TO PROFESSIONAL AND  
VOCATIONAL LICENSING**

Chair Takai and Vice Chair Ito, and members of the committee:

My name is Charles Ota and I am the Vice President for Military Affairs at The Chamber of Commerce of Hawaii (The Chamber). I am here to state The Chamber's **support House Bill No. 1381**, Relating to Professional and Vocational Licensing.

The measure proposes to require a licensing authority to consider in the process for licensure by endorsement or reciprocity nonresident military spouses and service members who have served in a combat zone after September 11, 2001, and service members who provide retirement, separation, or discharge documentation.

The measure recognizes the plight faced by military spouses and our returning veterans in seeking employment by enabling licensing authorities to streamline the licensing process. Military spouses and returning veterans suffer from the highest unemployment rates in the country and this sensible procedure will enable those who meet the qualifying requirements an opportunity to become productive citizens.

In light of the above, we recommend the measure be approved.

Thank you for the opportunity to testify.

**NATIONAL ASSOCIATION FOR UNIFORMED SERVICES**

**Hawaii Chapter (HI-1)**

**1298 Kukila Street, Honolulu HI 96818**

**Naushawaii1@yahoo.com; 808-382-5833**

February 10, 2013

**TESTIMONY IN SUPPORT OF HB 1381, RELATING TO PROFESSIONAL AND  
VOCATIONAL LICENSING**

**HOUSE COMMITTEE ON VETERANS, MILITARY, AND INTERNATIONAL  
AFFAIRS AND CULTURE AND THE ARTS**

**HEARING , AT 8:30AM, ON WEDNESDAY, FEBRUARY 13<sup>TH</sup>, 2013, IN  
CONFERENCE ROOM 312**

Aloha Chair Takai and Vice Chair Ito: Thank you for this opportunity to provide testimony in support of HB 1381. The National Association for Uniformed Services (NAUS) is honored to be recognized as “The Service Member’s Voice in Government.” Here, in the great State of Hawaii, NAUS Hawaii Chapter (HI-1) serves at the pleasure of our nation’s largest per-capita uniformed service community.

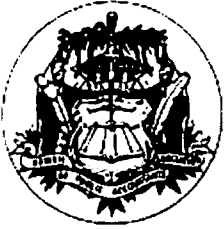
NAUS Hawaii Chapter (HI-1) is grateful your efforts to require our licensing authority to consider in the process for licensure by endorsement or reciprocity nonresident military spouses or service members who have served in a combat zone after September 11, 2001, and service members who provide retirement, separation, or discharge documentation.

Amending Chapter 436B Hawaii Revised Statutes, by adding a new section to provide this preference, is sincerely appreciated by the designated beneficiaries.

NAUS Hawaii Chapter (HI-1) encourages your committee to consider passing HB 1381 as written.

*D Egge*

Dennis Egge; Chapter President



## HAWAII ASSOCIATION OF PUBLIC ACCOUNTANTS

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



### Before the House Committee on Veterans, Military, & International Affairs, & Culture and the Arts

**Testimony of John Roberts on Behalf of the  
Hawaii Association of Public Accountants  
Wednesday, February 13, 2013; 8:30 a.m.  
Conference Room 312**

### **Re: Opposition to HB 1381** **Relating to Professional and Vocational Licensing**

Chair K. Mark Takai, Vice Chair Ken Ito, and Committee Members:

I am the State President of the Hawaii Association of Public Accountants (HAPA). HAPA is a state-wide organization with chapters in all of Hawaii's counties. I am also a licensed Certified Public Accountant (CPA) and a principal in the firm Niwao & Roberts, Certified Public Accountants, a Professional Corporation, located on Maui.

HAPA opposes HB 1381 for the reasons described below.

By way of background, HAPA's membership includes licensed professionals who previously served in the United States military and in the United States foreign service. Some received commendations and citations in recognition of their service while in harm's way overseas. Regardless of whether they were drafted or volunteered, none who served either sought or received special accommodation or relief from the Hawaii Department of Commerce and Consumer Affairs or from the Board of Public Accountancy when they completed their national service, transitioned to Hawaii's civilian workforce, and applied for a Hawaii CPA license or permit to practice.

**Purpose of Professional Licensing:** The purpose of professional licensing is to protect the public. The standards under which professional licenses are granted and renewed in the State of Hawaii are not perks or political chips to be relaxed or waived for the benefit of one group over another no matter how noble the reason. The licensing standards should be applied to all fairly and equitably. HB 1381 loses sight of the purpose of professional licensing and violates the principles of fairness and equity. If enacted, it will result in two classes of professional licensees: 1) those granted licenses under lower standards because of their military service, and 2) those granted licenses under time-tested higher standards created for the protection of the public. Substitute examinations, education and experience should not be automatically allowed as substantially equivalent to current requirements for CPA licensing.

**Preferential Treatment is a Slippery Slope:** The process of carving out exceptions to professional licensing standards is a slippery slope similar, by analogy, to granting the now voluminous exceptions to the Hawaii General Excise Tax. As Hawaii has learned with tax exceptions and credits, once you start down this road, it is nearly impossible to not make exceptions for others, all at the expense of consumer protection. Who will be next? Former policemen, firemen, teachers, and every other class of state and county civil servant?

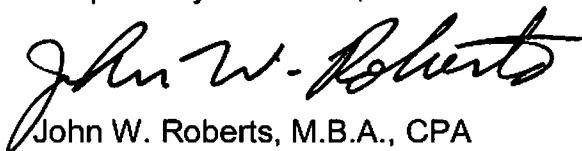
**Local Jobs for Local People:** Despite recent press reporting that Hawaii's tourism industry has rebounded and that there are glimmers of light at the end of the tunnel for Hawaii's real estate industry as well, the recovery from the Great Recession has not yet spread to construction, retail, financial services, and other important sectors of our State's economy. Many experienced and qualified Hawaii accountants lost their jobs in the Great Recession when local businesses were forced to close their doors. These unemployed and underemployed local accountants have had to either seek employment out-of-state or resort to lower skilled/lower paying jobs to try to support themselves and their families.

The lack of accounting and other professional jobs is no more apparent than when you compare today's help wanted listings in local newspapers and on the internet against the abundant listings in 2007. In addition to the loss of many local businesses to serve, one of the reasons for the loss in accounting positions available is foreign and out-of-state outsourcing. Big-box stores and even large local businesses that increasingly dominate Hawaii's commercial landscape now use out-of-state and inexpensive foreign accountants where previously Hawaii residents performed these jobs. Although surely not the intention of this proposed legislation, the unintended consequence of HB 1381 will add insult to injury to local professional licensees by granting preferential licensing to out-of-state military veterans and their spouses – the complete opposite of the concept of local jobs for local people.

Although appreciative and proud of the military service of this latest generation who are now joining the ranks of veterans, it is for the greater good of Hawaii's citizens that HAPA opposes HB 1381 for the reasons described above.

Thank you for your consideration.

Respectfully submitted,



John W. Roberts, M.B.A., CPA  
HAPA State President



Hawaii State Legislature  
State House of Representatives  
Committee on Veterans, Military, & International Affairs, & Culture and the Arts

State Representative K. Mark Takai, Chair  
State Representative Ken Ito, Vice Chair  
Committee on Veterans, Military, & International Affairs, & Culture and the Arts

Wednesday, February 13, 2013, 8:30 a.m. Room 312  
House Bill 1381 Relating to Professional and Vocational Licensing

Honorable Chair K. Mark Takai, Vice Chair Ken Ito and members of  
the House Committee on Veterans, Military, & International Affairs, & Culture and the Arts,

My name is Russel Yamashita and I am the legislative representative for the Hawaii Dental Association (HDA) and its 960 member dentists. I appreciate the opportunity to comment on of House Bill 1381 Relating to Professional and Vocational Licensing. The bill before you today would seek to provide for the licensure by credential and reciprocity for all licenses issued by the State of Hawaii Department of Commerce and Consumer Affairs, Professional and Vocational Licensing Division. Since this bill and one similar to it have been introduced this session, the HDA believes that this issue needs to be deferred so all the parties affected by this legislation have an opportunity to meet and discuss these issues at length during the interim. Therefore, the HDA request that this bill be held and that all parties meet during the summer on this very important issue.

Niwao & Roberts, CPAs, a Professional Corporation  
2145 Wells Street, Suite 402  
Wailuku, Hawaii 96793

**Before the House Committee on Veterans, Military, &  
International Affairs, & Culture and the Arts**

**Testimony of Marilyn M. Niwao, J.D., CPA**  
Wednesday, February 13, 2013; 8:30 a.m.  
Conference 312

**Re: Opposition to HB1381**  
**Relating to Professional and Vocational Licensing**

Chair K. Mark Takai, Vice Chair Ken Ito, and Committee Members:

I am a Hawaii licensed CPA and attorney, and principal of the firm Niwao & Roberts, CPAs, a P.C. located on Maui. I have practiced public accounting for over 34 years, and I have trained many new Hawaii CPAs in the course of my career. I am very familiar with Hawaii CPA licensing requirements as I have been involved with various professional organizations representing CPAs for many years and I have attended dozens of Board of Public Accountancy meetings.

My firm opposes HB1381. State licensing laws are enacted around the country for the protection of the public (i.e., the consumer). For the CPA profession, much thought by those familiar with the profession went into establishing standards that would ensure that only qualified individuals become licensed as CPAs.

For Hawaii, the standards include 1) taking the Uniform CPA **exam** (which is the exam used by all fifty states), 2) **education** (150 semester hours of college credits), and 3) experience (2 year of **public accounting experience** or its equivalent in private industry or government).

The State Board of Public Accountancy (and the DCCA) should be the body determining whether state licensing standards are met. Furthermore, there should no lowering of Hawaii CPA licensing standards (or other licensing standards, for that matter). In addition, there should be no automatic acceptance of a substitute exam, education, or experience of a military candidate or a military candidate's spouse for licensing purposes, and the relevancy of experience should be considered by the Board. The language at the end of Section 1 of HB1381 – **“Evidence presented for consideration for fulfillment or partial fulfillment of licensing requirements shall demonstrate substantial equivalency to state standards” - should be deleted.**

## Regarding the exam, education, and experience required for CPA licensure:

### 1. There should be no substitute exam allowed in lieu of the Uniform CPA exam.

The Uniform CPA exam is the CPA exam that is accepted in all fifty states. There should be no substitute exam allowed for CPA licensing for the protection of Hawaii's public.

### 2. Expanded educational benefits of the Post-9/11 GI Bill are available to military members to meet educational standards required for CPA licensure.

Per the [todaysmilitary.com](http://todaysmilitary.com) website, military members who have served at least 36 months (3 years) are now provided expanded educational support as of August 1, 2011 which includes 1) all public school (i.e., college) in-state tuition and fees, 2) a living stipend (basic housing allowance), and 3) an allowance for books and supplies. Certain colleges and universities participating in the "Yellow Ribbon Program" also contribute additional funds that exceed the maximums provided by the Post-9/11 GI Bill. There are other educational benefits provided to military personnel as well. With these educational assistance programs, military members can obtain the requisite educational requirements to fulfill state licensing requirements if they don't have the necessary college credits.

### 3. Military experience is already considered by the Hawaii Board of Public Accountancy in satisfying the experience requirement to be licensed as a CPA.

The Hawaii Board of Public Accountancy already reviews experience obtained in the military in satisfying the experience requirement for CPA licensure, and has accepted certain military experience as meeting the requirements for CPA licensure. However, not all military experience will satisfy the CPA licensing requirement, and accepting all military experience for CPA licensing irrespective of the type of experience received will lower Hawaii CPA licensing standards and harm Hawaii's consumers.

**Jobs for out-of-state military veterans in Hawaii?** Recently, our firm advertised for an accounting professional and was surprised to see the quantity of out-of-work applicants, many with substantial credentials. The comment I heard most from job applicants was that it is very difficult to find an accounting job in today's economy. Although the Hawaii visitor industry may have recovered, other parts of Hawaii's economy have not recovered from the Great Recession. Many small businesses have gone out of business in the last few years, eliminating many local accounting jobs. Many, if not most, of the big-box stores and large hotels use out-of-state accountants; many other accounting jobs have been lost due to outsourcing to other countries with lower wages. With so many Hawaii residents still struggling to find accounting jobs, is

now the time to lower CPA licensing standards so out-of-state military candidates and their spouses can obtain what few accounting jobs remain in Hawaii?

If the desire is to find jobs for military veterans, then a more effective and targeted proposal would be to offer a jobs tax credit to hire military veterans, rather than to lower state licensing standards at the expense of Hawaii's consumers. On January 1, 2013, such a federal jobs tax credit was extended by Congress, and includes five work opportunity tax credits aimed at encouraging businesses to hire veterans. These "Returning Heroes" and "Wounded Warriors" Work Opportunity Tax Credits pay between \$2,400 and \$9,600 to businesses who hire veterans. Advertising the availability of these credits to employers would do more to help veterans find jobs than lowering CPA and other state licensing standards for veterans.

Based upon the above, I oppose the language of HB1381 and urge you not to pass HB1381. Thank you for this opportunity to testify.

Respectfully submitted,

*Marilyn M. Niwao*

Marilyn M. Niwao, J.D., CPA  
Principal