

# AMERICAN INSTITUTE OF ARCHITECTS

**LATE**

CPC  
2:30 pm

March 18, 2013

Honorable Angus McKelvey, Chair  
House Committee on Consumer Protection & Commerce

Re: **Senate Bill 506 SD2 HD1**  
**Relating to Professional & Vocational Licensing**

Dear Chair McKelvey and Members of the Committee,

My name is Daniel Chun, President of the American Institute of Architects (AIA) Hawaii State Council, sending **COMMENTS** on SB 506 SD2 HD1. The AIA has questions relating to why bills of this kind are needed.

**Why even pass this bill?**

AIA still does not have an acceptable answer as to why broadly applicable bills like SB 506 even need passage? We prefer to rely on existing statutes and rules governing our DCCA EASLA Board. In the past we patiently and carefully worked on passage and "bright light" amendments to HRS 464. Our understanding is that each regulated profession and board needs to be unique, so an over-arching statute like SB 506 goes totally against this.

The over-arching intent of this bill is dangerous to consumer protection. In the past architects have been instructed to bring profession-specific legislation when dealing with these kinds of important subjects. You will be disregarding years of this practice by moving bills like these.

AIA objects to the details of the bill, cited in other profession testimony, that "open the door" for serious conflicts with our national and local standards for licensure. One detractor of the bill remarked to us - let's include the legal profession in this bill too. Only then might the legislature appreciate the concern of other licensed professions. An issue like this is better dealt with a resolution.

If you must pass this bill, please consider exempting certain professions that already provide for proper balance between accessibility for candidates and the consuming public in their respective licensing statutes. Thank you for this opportunity to **COMMENT** on SB 506 SD2 HD1.

Hawaii State Legislature  
State House of Representatives  
Committee on Consumer Protection and Commerce

State Representative Angus L. K. McKelvey, Chair  
State Representative Derek S. K. Kawakami, Vice Chair  
Committee on Consumer Protection and Commerce

**LATE**

Monday, March 18, 2013, 3:30 p.m. Room 325  
Senate Bill 506 HD 1 Relating to Professional and Vocational Licensing

Honorable Chair Angus L. K. McKelvey, Vice Chair Derek S. K. Kawakami and  
members of the House Committee on Consumer Protection and Commerce,

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 testify in opposition to Senate Bill 506 HD 1 Relating to Professional and Vocational Licensing. This legislation seeks to amend Act 248, SLH 2012, which provided recognition of military training for licensure requirements for professional and vocational licensure in the State of Hawaii, by extending the recognition of another state's licensure, if that state's licensure requirements meets or exceeds those established by the Hawaii licensing board or commission. It also provides that the Hawaii board or commission would have to recognize the applicant's national or regional examination, if the other state's licensure requirements are recognized.

This bill is similar to HB 1381 HD 2, which provided similar changes to Hawaii's professional and vocational licensing laws and excluded specific professions, such as medical doctors, dentists, and CPAs. To go forward with conflicting and confusing versions of this legislation will not benefit the those these bills are intended to help and will not give any clear guidance to the licensing boards and commission who will have to sort through the legal traps these bill will produce. Previously, as the Commissioner of Securities for the State of Hawaii, I over saw over 50,000 securities licensees and sought to have clarifying language on license issues before this legislative body for over 15 years. I can tell you from my experience alone, that any changes to the language of licensing statute can and will bring about significant interpretation problem for all those concerned. Confusing and conflicting interpretations has and will create litigation which detracts from the State from effectively protecting the citizens of Hawaii from unqualified licensees.

As stated in testimony previously on this bill and HB 1381, the HDA believes that these measures be deferred this legislative sessions in order for all those professions and vocational license holder to be permitted to discuss this matter before any significant changes to Hawaii's licensure laws takes place on such a large scale. With over 125,000 licensees affected by this legislation, I would hope that any drastic changes affecting their licensure should be fully explained to them before the Legislature makes significant changes to the law affecting their licensure. Therefore, it is the position of the HDA that both SB 506 HD 1 and HB 1381 SD 1 be deferred for this legislative session.

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

**Before the House Committee on Consumer Protection & Commerce**

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

Monday, March 18, 2013 at 2:30 p.m.  
Conference Room 325

**LATE**

**Re: Opposition to SB 506, SD2, HD1**

Chair Angus L.K. McKelvey, Vice Chair Derek S.K. Kawakami, and Committee Members:

I am a CPA and attorney in the State of Hawaii and a 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.

We appreciate the exception added for certified public accountants in this bill since we strongly oppose the provisions as applicable to certified public accountants, but we also oppose the bill because of the breadth of its effect without regard to the concerns of the individual licensed professions, many of whom are unaware of this bill or its effects.

1. The provisions of §436B-(a) provide that a service member holding an out-of-state license from a state with licensing requirements that are equivalent to or exceed those established by the licensing authority of this State shall receive a Hawaii license provided certain other conditions are met. This imposes a burdensome requirement for each Hawaii licensing authority to constantly have to review the licensing laws of 50 other states, and other districts or territories to determine whether the standards for licensure are equivalent to or exceed those established by the licensing authority of this State.

I have heard from voluntary members of the Board of Public Accountancy that they do not have the time nor the money for staff to constantly monitor all 54 states and accounting jurisdictions for changes in the laws of the other jurisdictions if such a requirement was imposed upon them. I suspect that many of the other licensed professions will find themselves in similar circumstances – with volunteer board members unwilling to constantly monitor laws of other states and jurisdictions and no money to pay for staff to do the necessary monitoring of laws.

2. In addition, since state laws are constantly changing, there are some licensees who may have obtained their licenses prior to the change in their state laws and who may not meet the Hawaii state standards for licensure even though their current out-of-state laws are equivalent to or exceed those established by the licensing authority of Hawaii. In these circumstances, we believe it is appropriate that the individual's requirements should meet or exceed Hawaii's licensing standards, and not rely on the other state's current licensing standards to meet or exceed Hawaii's standards. We have seen this situation occur with respect to the licenses of certified public accountants since there is no requirement that all states enact the same laws at the same time. In many cases, the other state's prior licensing standards were markedly lower and substandard when compared to Hawaii's licensing standards, with only recent changes made to raise the other state's licensing standards. If those who obtained their out-of-state licenses with lower standards are able to obtain a Hawaii license under these circumstances, it will be inequitable for Hawaii residents who were required to achieve higher licensing standards, and it will hurt Hawaii's consumers.
3. There are also some licensed professions that already have their own rules for reciprocity, and for those professions, this bill is not needed.
4. §436B-(a) (4) language is troubling and confusing which provides that the service member who "submits with the application a signed affidavit stating that the application information, including necessary prior employment history, is true and accurate. Upon receiving the affidavit, the licensing authority shall issue the license to the service member and may revoke the license at any time if the information provided in the application is found to be false. (emphasis added)" This provision seems to indicate that once a service member submits the affidavit, the licensing authority shall automatically issue the license to the service member, without regard to whether the service member meets Hawaii licensing standards. The underlined section above should be eliminated or clarified to indicate that there is not to be an automatic issuance of the license since the affidavit must be reviewed to determine whether the applicant has complied with the applicable Hawaii licensing standards.
5. The provisions of §436B- (b) are unclear and vague, and should be eliminated. What would substitute for pertinent experience in the profession to determine competency? We suggest elimination of subsection (b) in light of consumer protection issues.
6. Why are there two Section 4s? The amended Section 4 also conflicts with Section 5.

**With respect to certified public accountants and 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 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 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 SB506, SD2, HD1 and urge you not to pass this bill. Thank you for this opportunity to testify.

Respectfully submitted,

*Marilyn M. Niwao*

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



# HAWAII ASSOCIATION OF PUBLIC ACCOUNTANTS

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

**LATE**



**Before the House Committee on Consumer Protection & Commerce**

**Testimony of John W. Roberts on Behalf of the  
Hawaii Association of Public Accountants**

**Monday, March 18, 2013 at 2:30 p.m.**

**Conference Room 325**

**Re: Opposition to SB 506, SD 2, HD1**

Chair Angus L.K. McKelvey, Vice Chair Derek S.K. Kawakami, 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 appreciates the exception added for certified public accountants in this bill since we strongly oppose the provisions as applicable to certified public accountants. Nonetheless, we oppose the bill because of the breadth of its effect without regard to the concerns of the individual licensed professions, many of whom are unaware of this bill and its effects.**

**Context:** HAPA wants this committee to know the context in which HAPA opposes this draft legislation. HAPA's membership includes licensed professionals who previously served in the United States Military, the Foreign Service, and other agencies in the United States Intelligence Community. Some received commendations and citations in recognition of their service while in harm's way overseas. Following military service, many of those who were eligible received tuition and other college assistance as well as other benefits under the G.I. Bill to launch them into their present careers and civilian lives. **None who served either sought or received special accommodation or relief from the Hawaii Department of Commerce and Consumer Affairs or the Board of Public Accountancy when they eventually applied for and obtained a Hawaii CPA license or permit to practice.**

## **HAPA's Concerns Regarding SB 506, SD2, HD1:**

- The provisions of §436B-(a) provide that a service member holding an out-of-state license from a state with licensing requirements that are equivalent to or exceed those established by the licensing authority of this State shall receive a Hawaii license provided certain other conditions are met. This imposes a burdensome requirement for each Hawaii licensing authority to constantly have to review the licensing laws of 50 other states, and other districts or territories to determine whether the standards for licensure are equivalent to or exceed those established by the licensing authority of this State. One of the primary reasons why negotiations among CPA mobility stakeholders broke down just before the beginning of this legislative session was this very issue, with representatives of the Board of Public Accountancy emphasizing that their voluntary Board lacks the time and money for staff to constantly monitor all 54 states and accounting jurisdictions for changes in the laws of the other jurisdictions if such a requirement was imposed upon them. We suspect that many of the other licensed professions will find themselves in similar circumstances – with volunteer board members unwilling or unable to constantly monitor laws and related administrative rules of other states and jurisdictions and no money to pay for staff to do the same.
- In addition, since state laws are constantly changing, there are some licensees who may have obtained their licenses prior to the change in their state laws and who personally may not meet the Hawaii state standards for licensure even though their current out-of-state laws are equivalent to or exceed those established by the licensing authority of Hawaii. In these circumstances, we believe it is appropriate that the individual's credentials should meet or exceed Hawaii's licensing standards, and not rely on the other state's current licensing standards to meet or exceed Hawaii's standards. We have seen this situation occur with respect to the licenses of certified public accountants since there is no requirement that all states enact the same laws at the same time. In many cases, the other state's prior licensing standards were markedly lower and substandard when compared to Hawaii's licensing standards, with only recent changes made to raise the other state's licensing standards. If those who obtained their out-of-state licenses with lower standards are able to obtain a Hawaii license under these circumstances, it will be inequitable for Hawaii residents who were required to meet higher licensing standards, and it will hurt Hawaii's consumers.
- There are also some licensed professions that already have their own rules for reciprocity, and for those professions, this bill is not needed.
- §436B-(a) (4) language is troubling and confusing. This language provides that when a service member submits with the application a signed affidavit stating that the application information, including necessary prior employment history, is true and accurate, the licensing authority shall issue the license to the service



member and may revoke the license at any time if the information provided in the application is found to be false. This provision seems to indicate that once a service member submits the affidavit, the licensing authority shall automatically issue the license to the service member, without regard to whether the service member meets Hawaii licensing standards. This provision should be eliminated or clarified to indicate that there is not to be an automatic issuance of the license since the affidavit must be reviewed to determine whether the applicant has complied with the applicable Hawaii licensing standards. Otherwise, this bill will create a two-class licensing system. Non-Military affiliated applicants will have to undergo existing vetting procedures for the protection of the public; military affiliated applicants will only need to self-certify.

- The provisions of §436B-(b) are unclear and vague, and should be eliminated. What would substitute for pertinent experience in the profession to determine competency? We suggest elimination of subsection (b) in light of consumer protection issues.
- Why are there two Section 4s? The amended Section 4 also conflicts with Section 5.

With respect to certified public accountants and the exam, education, and experience required for CPA licensure:

- 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 50 states. There should be no substitute exam allowed for CPA licensing for the protection of Hawaii's public.

- 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 do not already have the necessary college credits.

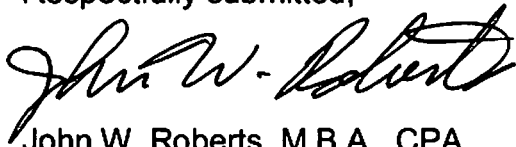
- Military experience is already considered by the Hawaii Board of Public Accountancy in satisfying the experience requirement to be licensed as a CPA.

**What happened to the concept of local jobs for local people?** The impact of the Great Recession and foreign outsourcing of accounting jobs continues. Many local accountants lost their jobs when as the commercial landscape of Hawaii changed with local businesses closing their doors, big box stores moving in, and large Hawaii businesses outsourcing their accounting work to low-cost outsourcing centers overseas. As a result, many Hawaii accountants remain unemployed or underemployed, struggling to support their families. In this local economic context, is now the time to lower CPA licensing standards so that out-of-state military candidates can obtain what few accounting jobs remain in Hawaii?

**Other Solutions:** 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.

**Conclusion:** Based upon the above, HAPA opposes the language of SB506, SD2, HD1 and urges you not to pass this bill. Thank you for this opportunity to testify.

Respectfully submitted,



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