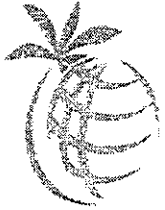


**LATE**



**HSCPA**

The Hawaii Society of Certified Public Accountants  
1000 Fort Street, Suite 850  
Honolulu, Hawaii 96806

Before the Senate Committee on  
Commerce and Consumer Protection

Thursday, February 21, 2013  
10:30 a.m.

Conference Room 229

In Opposition of SB 506, SD2  
Relating to Professional and Vocational Licensing

Chair Baker, Vice Chair Galuteria, and Committee members:

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Thank you for the opportunity to testify. On behalf of the Board of Directors of the Hawaii Society of Certified Public Accountants (HSCPA), we strongly oppose Senate Bill 506, SD 2.

This measure would have a negative impact on the accounting profession and on consumers of accounting services. Passing the Uniform CPA Examination (a national exam) is one of the key measures for ensuring that those practicing as CPAs have the requisite knowledge to serve the public. Hawaii's educational requirements for CPAs are one of the most liberal requirements of the 55 licensing jurisdictions, thus, the Exam is necessary to assure that Hawaii's CPAs have sufficient knowledge of all aspects of accounting. This measure would make Hawaii's standards for sitting for the CPA examination the lowest in the nation – the only state that does not require passing the CPA Exam in order to become a CPA – and put its future CPAs at a competitive disadvantage with their professional colleagues in other states. Requiring accounting education is something that all states demand.

CPA candidates need a broad educational base that encompasses accounting and business so they can develop the requisite skills to succeed in an ever-changing global economy. Such an action does not reflect the current environment of CPA services. Ultimately, other states with higher standards would be less likely to offer full reciprocity to Hawaii's CPAs.

SB 506, SD2 would not serve the interests of Hawaii's CPAs or its business community.

For your information and consideration, attached are comments that we have received from the American Institute of CPAs about this issue.

Respectfully submitted,

Craig M. Watanabe, CPA  
President  
HSCPA Board of Directors

Mary Padre  
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**Before the Committee on Commerce and Consumer Protection**

**Testimony of Mary Padre**

**Thursday, February 21, 2013 at 10:30 a.m.**

**Conference Room 229**

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

Chair Rosalyn H. Baker, Vice Chair Brickwood Galuteria, and Committee Members:

I am a staff accountant and practice public accounting on Oahu.

I strongly oppose SB506, Proposed SD2 because allowing individuals to become licensed as CPAs without taking the Uniform CPA exam would lower Hawaii's licensing standards for CPAs and hurt Hawaii consumers, who expect that a Hawaii CPA to be reasonably competent and knowledgeable about matters concerning financial statements, taxes, and business. The knowledge and competency of CPAs is especially important in these current economic times when the financial well-being of businesses and individuals rest on being given competent advice. Education and experience alone are not sufficient to insure the competency of newly-licensed CPAs, especially given the past problems with the Board of Public Accountancy not carefully scrutinizing the experience of new CPA candidates.

The Uniform CPA examination has been developed and used as a screening tool for the protection of the public for good reason. It represents decades of ongoing work to protect the public. SB 506, Proposed SD2 will allow CPA candidates with substituted military experience and education to become licensed without passing a national or regional examination.

In addition, due to CPA mobility laws enacted in other states, eliminating the CPA exam requirement would mean that Hawaii CPAs would no longer be automatically accepted when they apply for CPA licenses in other states because other states require CPAs to pass the Uniform CPA exam. In other words, Hawaii CPA licenses would go from being among the top-ranked professional CPA licenses in the nation to being sub-standard for CPA licensing purposes (and not recognized for CPA mobility purposes by other states). This would also draw into question the work product by Hawaii CPAs by various financial institutions, businesses, and the federal government. For federal purposes, audits of organizations receiving federal grants and contracts would be drawn into question due to the competency of Hawaii CPAs, and the IRS may no longer recognize the Hawaii CPA license. This would destroy the livelihoods of current CPA licensees in Hawaii.

Military veterans currently receive Post-9/11 GI Bill college education and other benefits, including federal jobs tax credits for the hiring of veterans. Licensing for the protection of the public should not be compromised in order to encourage the hiring of veterans.

Please hold SB506, Proposed SD2. Thank you for this opportunity to testify.  
Respectfully submitted,

Mary Padre, Staff Accountant

Chair Rosalyn H. Baker, Vice Chair Brickwood Galuteria, and Committee Members:

I was just made aware of this proposed bill to exempt military veterans from the Uniform CPA Examination. I understand that this bill will be heard tomorrow. As a result, I am unable to testify in person or even to write a letter in time for the hearing. Hence, this email.

I have been in the practice of public accounting for over 40 years. I am also an Army veteran, I fully support efforts to recognize the sacrifices that veterans have made for our country. However, I am in strong opposition to this proposal for the following reasons:

- Any profession, including that of a CPA, has high standards that must be met in order to ensure that the public is well served. Lowering these standards not only harms the profession but does great injustice to the public. Waiving the examination requirement to become a CPA is no different than waiving the bar exam for an attorney, or the internship and Board Certification for doctors.
- I believe that military veterans should be given preference in any job situation where they have demonstrated an equivalent level of ability. In other words, given two candidates with equal ability, the job should be given to the veteran. It is my understanding that the federal government currently gives preference to veterans. However, lowering professional standards serves neither the profession or the veteran.
- There are many other ways to assist veterans in a smooth transition to civilian life. These include the use of tax credits and/or tax deductions, hiring preferences, marketing campaigns to employers, housing assistance and similar approaches.

In closing, I believe that this proposal is "wrong-headed." It neither serves the veteran nor the public. In fact, a CPA who has not demonstrated a minimum level of competency through an examination may do harm to the public.

Ronald A. Kawahara, CPA, CVA, CPM, PCAM  
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**SB506**

Submitted on: 2/20/2013

Testimony for CPN on Feb 21, 2013 10:30AM in Conference Room 229

Submitted By	Organization	Testifier Position	Present at Hearing
Kelly Hasegawa	Individual	Oppose	No

Comments: I am a CPA candidate and have been practicing public accounting for 4 years on Maui. I strongly oppose SB506, Proposed SD2, because the standards of public accounting would be vastly lowered by the passage of this bill. As a recent graduate of a graduate accounting program, I can testify to the difficulty of the current CPA requirements. Meeting the current graduate educational requirements with a non-accounting undergraduate degree is difficult; however, successfully passing all four parts of the CPA exam is a much greater challenge and requires hundreds of additional hours of study. By passing this bill, you will be giving an extremely unfair advantage to military servicemen and women. By passing this bill, you will be doing a great injustice to non-military personnel, to the accounting profession, and to the consumers who expect competent services by a CPA. Thank you for your time and consideration.

**SB506**

Submitted on: 2/20/2013

Testimony for CPN on Feb 21, 2013 10:30AM in Conference Room 229

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Taichiro Nakata	Individual	Oppose	No

Comments: I am a resident of Kihei and have been working in public accounting for the last 18 months. I am currently working towards obtaining a CPA license and stand strongly opposed to this bill. While I support those who serve this country, I believe that this bill hurt the credibility of the CPA profession and do very little to help veterans. The CPA exam considered one the most difficult professional exams in this country. Most CPA candidates spend 500+ hours studying for 4 part exam and the passing rate currently stands below 50%. Simply waiving the requirement for the test is insulting to those who dedicate countless hours studying for the CPA exam. and large part of the prestige and credibilty associated with the CPA license will be lost with the passing of this bill. Veterans will also be hurt by this bill because, ultimately, a CPA that does not have the knowledge gained through studying for CPA exam will not have the knowledge to perform his/her work duties. Thanks you for considering my testimony and please do not allow this bill to pass.

**SB506**

Submitted on: 2/20/2013

Testimony for CPN on Feb 21, 2013 10:30AM in Conference Room 229

Submitted By	Organization	Testifier Position	Present at Hearing
Christopher VanRyn	Individual	Oppose	No

Comments: I am a candidate for the CPA license and a resident of Lahaina, Maui. I have worked in public accounting for 3 years, and based upon my knowledge and experience I believe the CPA exam is very necessary to ensure the competency of new CPA candidates. Military veterans should not be exempt from taking the CPA exam in order to receive a CPA license. Please hold SB506, Proposed SD2. Thank you for considering this matter.