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GOVERNOR

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PRESENTATION OF THE PROFESSIONAL AND VOCATIONAL LICENSING DIVISION

TO THE HOUSE COMMITTEE ON
CONSUMER PROTECTION & COMMERCE

TWENTY-SEVENTH LEGISLATURE
Regular Session of 2013

Wednesday, March 27, 2013
4:00 p.m.

TESTIMONY ON SENATE BILL NO. 965, S.D. 1, H.D. 1, RELATING TO PROFESSIONAL AND VOCATIONAL LICENSING.

THE HONORABLE ANGUS L.K. MCKELVEY, 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 support of Senate Bill No. 965, S.D. 1, H.D. 1, Relating to Professional and Vocational Licensing.

The purpose of Senate Bill No. 965, S.D. 1, H.D. 1, is to allow licensing authorities to license a military spouse by endorsement or reciprocity if the military

Testimony on Senate Bill No. 965, S.D. 1, H.D. 1
Wednesday, March 27, 2013
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spouse meets certain requirements. The bill also limits licensure by endorsement or reciprocity for military spouses to those spouses who are present in the State for at least one year pursuant to United States Department of Defense orders. The current version of the bill clarifies the licensure requirements for military spouses.

Thank you for the opportunity to provide testimony in support of Senate Bill No. 965, S.D. 1, H.D. 1.



Hawaii Chapter, MOAA
P.O. Box 1185
Kailua, Hawaii 96734-1185

**Testimony of
Thomas Smyth
Military Officers Association of America, Hawaii Chapter
Before the
Committee on Consumer Protection & Commerce
Thursday, March 14, 2013, 2:55 pm, Room 224
SB 965 SD1 HD1 Relating to Professional and Vocational
Licensing**

Chair McKelvey, Vice Chair Kawakami and Committee Members

Our chapter of 500 retired and currently serving officers of the Uniformed Services strongly supports SB 965, SD1, HD1, as amended, which clarifies definitions in the legislation passed last session.

Our comments concern a relatively non-substantive amendment regarding the definition of “eligible military spouse” on p. 3, lines 6-10.

As written the bill indicates that a spouse is eligible if the spouse is spouse of a military member who has received “orders issued by the United States Department of Defense...”

This definition leaves out spouses of members of the U.S. Coast Guard who are not part of the Department of Defense, but are part of the Department of Homeland Security. We do not believe this was the intent of the bill as drafted. Further, the individual military services, not the U.S DOD write these orders.

We believe more inclusive wording such as “...orders issued by the appropriate agencies of the Armed Forces...” would correct this problem.

Thank you for the opportunity to provide testimony.

Testimony to the House Committee on Consumer Protection and Commerce

Wednesday, March 27, 2013

4:00 PM

Conference Room 325

**RE: SENATE BILL NO. 965, SD1, HD1, RELATING TO PROFESSIONAL AND
VOCATIONAL LICENSING**

Chair McKelvey, Vice Chair Kawakami, 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 that The Chamber supports the intent of Senate Bill No. 965, SD1, HD1, Relating to Professional and Vocational Licensing.

The measure limits licensure by endorsements or reciprocity for military spouses to those spouses who are present in the state for at least one year pursuant to United States Department of Defense (DoD) orders.

The procedures proposed in this measure tracks with efforts by President Obama to simplify and expedite the employment of trained, educated and highly qualified military spouses as they accompany their service member spouse on military duty assignments.

However, the requirement limiting the application of this measure to “those spouses who are present in the state for at least one year” should be clarified. It appears that a qualified military spouse cannot apply for licensure unless he or she has first lived in the state for one year.

Or does this mean that the DoD orders indicate that the military spouse is accompanying his or her military sponsor on a permanent assignment to Hawaii for at least one year? For example, a permanent change of station (PCS) orders

issued by DoD would indicate that the military member is to be stationed in Hawaii for at least one year (unless specified otherwise).

The former case above would delay employment of a qualified spouse by at least one year, which is not the intent of President Obama's initiative to simplify and expedite employment opportunities for qualified military spouses.

We believe that the intent of this measure is to require that qualified military spouses accompany their military sponsors to Hawaii on competent PCS orders issued by the US DoD.

In light of the above, we recommend SB 965, SD1, HD1, be amended accordingly.

Thank you for the opportunity to testify.

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

Wednesday, March 27, 2013, 3:00 p.m. Room 325
Senate Bill 965 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 of Senate Bill 965 HD 1 Relating to Professional and Vocational Licensing. The bill before you today would not seek clarification of Act 247, SLH 2012, which permitted spouses of non-resident military personnel to be permitted to receive temporary licensure while assigned to Hawaii. The legislation last year contained a number of problems which this bill in the Senate Draft 1 sought to correct and clarify such as clearly stating that the military spouse must be posted to Hawaii on a regular assignment and that the term of licensure is only for the duration of such a posting.

The HDA opposes the passage of this legislation in its current form and would support only the version contained in SB 965 SD 1.



HAWAII ASSOCIATION OF PUBLIC ACCOUNTANTS

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



Before the House Committee on Consumer Protection & Commerce

Testimony of John Roberts on Behalf of the Hawaii Association of Public Accountants Wednesday, March 27, 2013; 4:00 p.m. Conference Room 325

Re: Opposition to SB 965, SD1, HD1 **Relating to Professional and Vocational Licensing**

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 has submitted numerous testimonies on various proposed legislation to exempt military veterans and their spouses from certain portions of the professional licensing standards of Hawaii. HAPA hears the message of Hawaii's legislature that it wants to help military spouses transition from post to post and find gainful employment. HAPA shares this goal, but strongly opposes the manner in which SB 965, SD1, HD1 attempts to achieve this end. Simply put, HAPA opposes SB 965, SD1, HD1 because it is the wrong tool for the job if the objective is to promote employment of military spouses. **If SB 965, SD1, HD1 is to be passed, then HAPA requests that Certified Public Accountants (CPAs) be excluded through an explicit carve out provision for reasons described below.**

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 as well as spouses of these veterans. Some of these veterans 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, or their spouses, either sought or received special accommodation or relief from the Hawaii Department of Commerce and Consumer Affairs or the Board of Public

Licensure by Endorsement and Licensure by Reciprocity: HAPA representatives have attended nearly all of the Board of Public Accountancy meetings in the last decade. Throughout that period, we have observed that the Board of Public Accountancy routinely considers the education, experience, and examination qualifications of all applicants, including military spouses, and acts expeditiously and in good faith to issue licenses promptly where applicants are deemed equivalent to Hawaii's professional standards under the current law and administrative rules. As such, there is no need for licensure by endorsement or licensure by reciprocity for CPAs. If other boards act similarly, then there is no need for the licensure by endorsement or by reciprocity at all.

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 something 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. SB 965, SD1, HD1 loses sight of the purpose of professional licensing and violates the principles of fairness and equity.

If enacted, this bill will result in two classes of professional licensees: 1) those granted licenses under lower or relaxed standards through licensure by endorsement or reciprocity because of their affiliation with the U.S. military, and 2) those granted licenses under time-tested higher Hawaii standards created for the protection of the public.

Preferential Treatment is a Slippery Slope: The process of relaxing professional licensing standards for one class of citizens 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? Spouses of 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

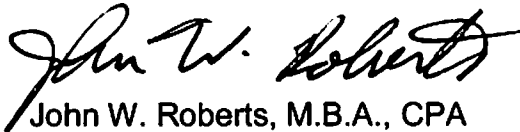
increasingly dominate Hawaii's commercial landscape now use out-of-state and inexpensive foreign accountants where previously Hawaii residents performed these jobs. If CPAs are included in this Bill, the unintended consequence of SB 965, SD1, HD1 will add insult to injury to local professional licensees by granting preferential licensing to out-of-state military spouses – the complete opposite of the concept of local jobs for local people.

Conclusion:

For the protection of Hawaii's consumers and out of fairness and equity, HAPA opposes SB 965, SD1, HD1 in principle. If this bill is to be passed, then HAPA requests that Certified Public Accountants be excluded or carved out from the Bill.

Thank you for the opportunity to submit testimony for your consideration.

Respectfully submitted,

A handwritten signature in black ink that reads "John W. Roberts". The signature is written in a cursive style with a large, stylized initial "J".

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

Before the House Committee on Consumer Protection & Commerce

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

Wednesday, March 27, 2013 at 4:00 p.m.
Conference Room 325

Re: Opposition to SB 965, SD1, 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.

Our firm strongly opposes 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. We also oppose the carving out of preferential treatment for spouses of military members who hold out-of-state licenses, with preferential treatment given simply because they are married to a member of the armed forces of the United States.

1. The provisions of §436B-14.7 provide that a military spouse 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 too burdensome a requirement for each Hawaii licensing authority to constantly have to review the licensing laws of 49 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 individually meet the Hawaii state standards for licensure even though their current out-of-state's 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.

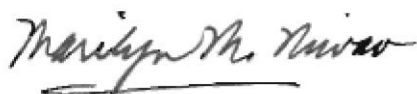
We have seen the above situation occur with respect to the licenses of certified public accountants since there is no requirement that all states enact the same laws at the same time. In many cases, the other state's prior licensing standards were markedly lower and substandard when compared to Hawaii's 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 grossly 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-14.7 language is troubling and confusing which provides that the military spouse 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 military spouse 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 military spouse submits the affidavit, the licensing authority shall automatically issue the license to the military spouse, without regard to whether the military spouse has met Hawaii licensing standards and requirements. 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 and requirements.

Based upon the above, our firm opposes the language of SB965, SD1, HD1 and urge you not to pass this bill. **If this bill is passed, our firm respectfully requests that there be an exception for certified public accountants in its application.**

Thank you for this opportunity to testify.

Respectfully submitted,



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