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## A BILL FOR AN ACT

RELATING TO PUBLIC ACCOUNTANCY MOBILITY.

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

1           SECTION 1. The legislature finds that individual  
2 nonresident certified public accountants who practice in another  
3 state may need to provide services to Hawaii residents on an  
4 emergency and temporary basis. However, the state board of  
5 public accountancy can only regulate accountants who hold a  
6 license and permit issued by this State. The legislature  
7 further finds that it must balance the interest of protecting  
8 its residents against allowing unlicensed activity.

9 Furthermore, the legislature finds that some out-of-state  
10 accountants have practiced in this State without paying Hawaii  
11 state taxes. The legislature finds this practice to be patently  
12 unfair to other businesses and the residents of the State.

13           The purpose of this Act is to authorize the provision of  
14 necessary services, protect Hawaii residents, and ensure that  
15 nonresident certified public accountants pay taxes like other  
16 businesses in this State, by establishing an alternate means for  
17 certified public accountants to provide temporary and emergency



1 services to Hawaii clients. This Act also subjects nonresident  
2 certified public accountants who lack a Hawaii license and  
3 permit, but who practice in our State under this alternative  
4 means, to enhanced penalties and fines for violating the  
5 privilege of engaging in activity that would otherwise require a  
6 state license and permit. The legislature finds that these  
7 enhanced fines and penalties are necessary to protect the  
8 public's safety and welfare.

9 SECTION 2. Chapter 466, Hawaii Revised Statutes, is  
10 amended by adding two new sections to part I to be appropriately  
11 designated and to read as follows:

12 "§466-A Interstate mobility. (a) No person may practice  
13 public accountancy in the State unless the person holds a  
14 license issued under this chapter or practices pursuant to this  
15 section.

16 (b) Subsection (a) shall not apply to a person who, in  
17 good standing, holds a license to practice public accountancy in  
18 another state; provided that:

19 (1) The licensing standards of the other state are deemed  
20 equivalent to those of this chapter and the rules  
21 adopted thereunder, as determined by the board; and



1       (2) The other state provides for reciprocal practice of  
2           public accountancy by those holding a license to  
3           practice public accountancy in this State.

4       (c) Any person who practices public accountancy under  
5       subsection (b) shall have withheld from the person's  
6       compensation the proper amount of general excise or use tax owed  
7       for the services rendered. The person shall also have a duty to  
8       provide to the board all tax and business registration  
9       information, including a certificate of insurance for  
10       professional malpractice in an amount of not less than  
11       \$2,000,000.

12       (d) Any person practicing public accountancy in this State  
13       pursuant to subsection (b) who violates any provision under  
14       title 14, including chapter 466, except for the provisions that  
15       are related to licensing, shall be guilty of a class B felony.

16       (e) Any person who reports to the board a violation of  
17       subsection (d) shall be entitled to costs from the compliance  
18       resolution fund and fifteen per cent of all fines, penalties,  
19       and fees imposed pursuant to a violation of subsection (d).



1       (f) Any person who practices public accountancy in this  
2 State pursuant to subsection (b) may do so for a period not to  
3 exceed thirty days per year; provided that:

4       (1) The person may not hold the person out to the public  
5 as being a certified public accountant in this State;

6       (2) The person shall be subject to the disciplinary or  
7 regulatory authority of any state agency or department  
8 with jurisdiction over the practice of public  
9 accountancy; and

10       (3) The person shall be subject to the jurisdiction of the  
11 courts of this State.

12       (g) Subsection (f) (3) shall also apply to any firm that  
13 employs or is affiliated with the person who practices public  
14 accountancy in this State pursuant to subsection (b).

15       §466-B Board's duty to report violations of interstate  
16 mobility. (a) Upon the receipt of any written complaint to the

17 board pursuant to section 466-A(e), the board shall report the  
18 incident to the attorney general.

19       (b) Upon a finding that a person has violated section 466-  
20 A(d), the board shall:



1        (1) Report the person to the applicable regulatory board  
2            in all other states in which the person holds a  
3            license to practice public accountancy;

4        (2) Report the person to the ethics committee of each  
5            major national accounting association; and

6        (3) Impose an administrative fine against the person in an  
7            amount not less than \$10,000 per occurrence.

8        (c) If the board finds that the person is affiliated with  
9            a firm that is licensed in this State, the firm shall bear the  
10           responsibility for the costs, penalties, and fines that are  
11           levied against the person who has violated section 466-A(d)."

12        SECTION 3. This Act does not affect rights and duties that  
13        matured, penalties that were incurred, and proceedings that were  
14        begun before its effective date.

15        SECTION 4. If any provision of this Act, or the  
16        application thereof to any person or circumstance, is held  
17        invalid, the invalidity does not affect other provisions or  
18        applications of the Act that can be given effect without the  
19        invalid provision or application, and to this end the provisions  
20        of this Act are severable.



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1 SECTION 5. In codifying the new sections added by section  
2 2 of this Act, the revisor of statutes shall substitute  
3 appropriate section numbers for the letters used in designating  
4 the new sections in this Act.

5 SECTION 6. New statutory material is underscored.

6 SECTION 7. This Act shall take effect upon its approval.

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INTRODUCED BY:

~~AW~~ B/R

JAN 28 2015



# H.B. NO. 1281

**Report Title:**

Public Accountancy; Mobility

**Description:**

Authorizes out-of-state certified public accountants to practice in the State under certain conditions. Establishes criminal penalties for noncompliance.

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

