

Honolulu, Hawaii
February 5, 2016

RE: H.B. No. 1669

Honorable Joseph M. Souki
Speaker, House of Representatives
Twenty-Eighth State Legislature
Regular Session of 2016
State of Hawaii

Sir:

Your Committee on Economic Development & Business, to which was referred H.B. No. 1669 entitled:

"A BILL FOR AN ACT RELATING TO PUBLIC ACCOUNTANCY,"

begs leave to report as follows:

The purpose of this measure is to improve the peer review process for public accountancy by:

- (1) Allowing peer reviews to be conducted by individuals licensed to practice public accountancy in any state; and
- (2) Extending the deadline for the filing of peer review compliance reporting forms and the appeal of certain peer review ratings from ten days to thirty calendar days.

The Board of Public Accountancy testified in support of this measure.

According to the Board of Public Accountancy, certified public accountant firms in Hawaii, beginning with the 2017 renewal period, will be required to meet peer review requirements for the renewal of their permit to practice public accountancy in Hawaii. Current law requires that these required peer reviews be conducted by entities holding a permit to practice public accountancy in Hawaii. However, concerns have been raised that there may be insufficient numbers of entities in Hawaii permitted to perform



these required peer reviews. Your Committee notes Hawaii public accountancy firms and firms on the mainland currently have long-term working relationships that may lend themselves to greater efficiency in conducting peer reviews. Your Committee finds that allowing peer reviews to be conducted by entities licensed to practice public accountancy in any state will help to alleviate sufficiency concerns, while also preserving established firm-to-firm relationships with mainland accounting firms.

Your Committee also notes that extending the deadline for filing of peer review compliance reporting forms and appealing certain peer review ratings from ten days to thirty calendar days brings the peer review process for public accountancy more in line with the customary and accepted time for official notification and appeal procedures for other professional vocations.

As affirmed by the record of votes of the members of your Committee on Economic Development & Business that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1669 and recommends that it pass Second Reading and be referred to your Committee on Consumer Protection & Commerce.

Respectfully submitted on
behalf of the members of the
Committee on Economic
Development & Business,



DEREK S.K. KAWAKAMI, Chair



State of Hawaii
House of Representatives
The Twenty-eighth Legislature

HSCR46 -16

Record of Votes of the Committee on Economic Development & Business

Bill/Resolution No.: HB 1669	Committee Referral: EDB, CPC, FIN	Date: 2 Feb 16		
<input type="checkbox"/> The committee is reconsidering its previous decision on the measure.				
The recommendation is to: <input checked="" type="checkbox"/> Pass, unamended (as is) <input type="checkbox"/> Pass, with amendments (HD) <input type="checkbox"/> Hold <input type="checkbox"/> Pass short form bill with HD to recommit for future public hearing (recommit)				
EDB Members	Ayes	Ayes (WR)	Nays	Excused
1. KAWAKAMI, Derek S.K. (C)	✓			
2. KONG, Sam Satoru (VC)	✓			
3. BROWER, Tom	✓			
4. CACHOLA, Romy M.	✓			
5. CHOY, Isaac W.	✓			
6. DeCOITE, Lynn	✓			
7. ITO, Ken	✓			
8. OHNO, Takashi	✓			
9. ONISHI, Richard H.K.	✓			
10. TOKIOKA, James Kunane	✓			
11. TSUJI, Clift	✓			
12. WOODSON, Justin H.	✓			
13. MATSUMOTO, Lauren Kealohilani	✓			
14. WARD, Gene	✓			
TOTAL (14)	14			
The recommendation is: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted If joint referral, _____ did not support recommendation. committee acronym(s)				
Vice Chair's or designee's signature: <u><i>Samuel S. Kong</i></u>				
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