

Honolulu, Hawaii

MAR 01 2018

RE: S.B. No. 2059
S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Twenty-Ninth State Legislature
Regular Session of 2018
State of Hawaii

Sir:

Your Committee on Commerce, Consumer Protection, and Health,
to which was referred S.B. No. 2059 entitled:

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

begs leave to report as follows:

The purpose and intent of this measure is to:

- (1) Establish procedures for an out-of-state individual licensed as a certified public accountant or certain accountancy firms to be granted practice privileges in Hawaii by the Board of Public Accountancy, if the licensee or firm meets certain qualifications and requirements for substantial equivalency; and
- (2) Make conforming amendments to the laws relating to public accountancy to reflect practice privileges.

Your Committee received testimony in support of this measure from the Hawaii Society of Certified Public Accountants, American Institute of Certified Public Accountants, and one hundred individuals. Your Committee received testimony in opposition to this measure from the Board of Public Accountancy, Hawaii Association of Public Accountants, and seventeen individuals. Your Committee received comments on this measure from the Regulated Industries Complaints Office of the Department of Commerce and Consumer Affairs.



Your Committee finds that this measure establishes a mobility law for certified public accountants and certain accountancy firms, which would allow certified public accountants in good standing from substantially equivalent states to practice in Hawaii without the need to obtain an additional license to serve their clients. Your Committee notes that forty-nine states, the District of Columbia, Puerto Rico, United States Virgin Islands, and Guam have already enacted individual certified public accountant mobility laws.

However, your Committee has heard the concerns raised in testimony that this measure would enable out-of-state certified public accountants the right to practice in Hawaii without having to obtain a temporary or regular permit to practice from the Board of Public Accountancy, does not adequately ensure that out-of-state practitioners pay appropriate general excise taxes to the State, and may be confusing to consumers, who may not realize when work that requires a Hawaii license is being performed by an individual from out-of-state exercising a practice privilege within the State. Your Committee understands these concerns and notes that Hawaii does have an existing temporary permit available for out-of-state certified public accountants. Your Committee therefore concludes that it is more appropriate, at this time, to amend existing laws for obtaining a temporary permit to practice, rather than establishing a mobility law that grants practice privileges to out-of-state certified public accountants.

Accordingly, your Committee has amended this measure by deleting its contents and inserting language that amends the temporary permit to practice requirements for the practice of public accountancy, including:

- (1) Clarifying the persons who may be granted a temporary permit to practice, including limiting the temporary permits to practice to United States citizens, United States nationals, or aliens authorized to work in the United States;
- (2) Requiring a person to obtain a temporary permit to practice from the Board of Public Accountancy prior to commencing public accountancy services in Hawaii;



- (3) Specifying that a temporary permit to practice shall be effective for a period not to exceed one hundred twenty cumulative days in any twelve-month period;
- (4) Permitting a temporary permit to practice to be renewed but specifying that more than three requests for temporary permits within three years is prima facie evidence that the individual is engaged in active practice of public accountancy and must obtain a regular permit to practice from the Board of Public Accountancy;
- (5) Specifying certain conditions that a licensee with a temporary permit to practice must consent to and certify, including being under the jurisdiction and disciplinary authority of the Board of Public Accountancy and paying all applicable taxes associated with the practice of public accountancy in Hawaii;
- (6) Making conforming amendments to the laws relating to public accountancy; and
- (7) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Health that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2059, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2059, S.D. 1, and be placed on the calendar for Third Reading.

Respectfully submitted on
behalf of the members of the
Committee on Commerce, Consumer
Protection, and Health,

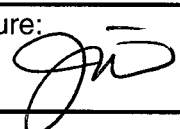


ROSALYN H. BAKER, Chair



The Senate
 Twenty-Ninth Legislature
 State of Hawai'i

Record of Votes
Committee on Commerce, Consumer Protection, and Health
CPH

Bill / Resolution No.:*	Committee Referral:	Date:		
SB 2059	CPH	2/27/18		
<input type="checkbox"/> The Committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is:				
<input type="checkbox"/> Pass, unamended 2312	<input checked="" type="checkbox"/> Pass, with amendments 2311	<input type="checkbox"/> Hold 2310		
<input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
BAKER, Rosalyn H. (C)	/			
TOKUDA, Jill N. (VC)	/			
CHANG, Stanley	/			
ESPERO, Will	/			
IHARA, Jr., Les	/			
NISHIHARA, Clarence K.	/			
RUDERMAN, Russell E.				/
				/
TOTAL	6			1
Recommendation:				
<input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature:				
				
Distribution:				
Original	Yellow	Pink	Goldenrod	
File with Committee Report	Clerk's Office	Drafting Agency	Committee File Copy	

*Only one measure per Record of Votes