
A BILL FOR AN ACT

RELATING TO PUBLIC ACCOUNTANCY.

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

1 SECTION 1. The legislature finds that due to modern
2 business realities, including interstate commerce and virtual
3 technologies, it is increasingly common for licensed
4 professionals, including certified public accountants, to
5 practice their professions across state lines. The legislature
6 further finds that, except for Hawaii, every state has enacted
7 mobility laws for certified public accountants, allowing
8 consumers to obtain services from qualified certified public
9 accountants wherever those certified public accountants may
10 happen to reside.

11 The legislature recognizes that the existing registration
12 process for out-of-state certified public accountants wishing to
13 serve clients in Hawaii is burdensome, lacking viable
14 enforcement mechanisms and limiting timely access to qualified
15 certified public accountant services, especially in certain
16 complex industries such as energy, health care, transportation,
17 and technology. Further, these barriers to certified public



1 accountant mobility have the harshest effect on small
2 accountancy firms and sole practitioners. Larger accountancy
3 firms in Hawaii can develop extensive resources and staff to
4 accommodate the needs of these specialized industries, but
5 smaller accountancy firms and sole practitioners are
6 disproportionately affected by the lack of a mobility law as
7 they are unable to access enough qualified certified public
8 accountants in the State to meet their growing needs. Adoption
9 of interstate mobility standards that will allow certified
10 public accountants who are licensed in another state to provide
11 services on a limited basis in Hawaii will eliminate the
12 unnecessary burdens that currently inhibit the practice of
13 public accountancy in the State.

14 Further, the legislature notes that without a mobility law,
15 the state board of public accountancy lacks jurisdiction over
16 these out-of-state licensed certified public accountants. The
17 establishment of a mobility law will grant the state board of
18 public accountancy jurisdiction over all certified public
19 accountants practicing in Hawaii, thereby enabling the board to
20 discipline out-of-state certified public accountants, regardless
21 of whether they are licensed in Hawaii. Automatic jurisdiction.



1 is critically important to the enhancement of the board of
2 public accountancy's public protection power.

3 The purpose of this Act is to allow Hawaii consumers
4 greater access to qualified certified public accountants,
5 wherever those certified public accountants may reside, and to
6 protect Hawaii's consumers by establishing:

- 7 (1) Procedures and eligibility criteria for a privilege to
8 practice public accountancy in the State for public
9 accountants and certified public accountants licensed
10 in another state having comparable education,
11 examination, and experience requirements; and
- 12 (2) Clear regulatory and enforcement jurisdiction within
13 the state board of accountancy over all certified
14 public accountants doing business in the State.

15 SECTION 2. Chapter 466, Hawaii Revised Statutes, is
16 amended by adding a new section to be appropriately designated
17 and to read as follows:

18 "§466- Substantial equivalency. (a) An individual
19 whose principal place of business is not in this State and who
20 holds a valid license as a certified public accountant from any
21 state verified by the National Qualification Appraisal Service



1 of the National Association of State Boards of Accountancy to be
2 in substantial equivalence with the certified public accountant
3 licensure requirements under the Uniform Accountancy Act shall:

4 (1) Be presumed to have qualifications that are
5 substantially equivalent to this State's requirements;
6 and

7 (2) Have a practice privilege in this State, subject to
8 subsections (c) and (d), without the need to obtain a
9 license pursuant to section 466-5 or a permit pursuant
10 to section 466-7.

11 (b) An individual whose principal place of business is not
12 in this State and who holds a valid license as a certified
13 public accountant from any state not verified by the National
14 Qualification Appraisal Service of the National Association of
15 State Boards of Accountancy to be in substantial equivalence
16 with the certified public accountant licensure requirements
17 under the Uniform Accountancy Act shall:

18 (1) Be presumed to have qualifications that are
19 substantially equivalent to this State's requirements;
20 and



1 (2) Have a practice privilege in this State, subject to
2 subsections (c) and (d), without the need to obtain a
3 license pursuant to section 466-5 or a permit pursuant
4 to section 466-7;
5 provided that the individual obtains from the National
6 Qualification Appraisal Service of the National Association of
7 State Boards of Accountancy verification that the individual's
8 certified public accountant qualifications are substantially
9 equivalent to the certified public accountant licensure
10 requirements under the Uniform Accountancy Act. Any individual
11 who passed the Uniform Certified Public Accountant Examination
12 and holds a valid license as a certified public accountant
13 issued by any other state prior to January 1, 2012, may be
14 exempt from the education requirement under section 466-5.5 for
15 purposes of this subsection.

16 (c) An individual who qualifies to have a practice
17 privilege in the State shall have the practice privilege for no
18 more than one hundred twenty days per calendar year.

19 (d) A licensee of another state exercising the privilege
20 afforded under this section and the accountancy firm that



1 employs this licensee shall jointly and severally consent, as a
2 condition of the exercise of this privilege to:

3 (1) The personal jurisdiction, subject matter
4 jurisdiction, and disciplinary authority of the board;

5 (2) Comply with this chapter and any rules adopted
6 pursuant to this chapter;

7 (3) Cease to offer or render professional services in this
8 State as an individual and on behalf of the
9 accountancy firm, if the license from the state of the
10 licensee's principal place of business is no longer
11 valid;

12 (4) The appointment of the state board that issued the
13 license as the licensee's agent upon whom process may
14 be served in any action or proceeding by the board
15 against the licensee;

16 (5) Promptly notify the board within thirty days if:

17 (A) Any disciplinary action relating to the
18 individual's license is commenced in any state;
19 or

20 (B) The individual is convicted of any criminal
21 offense in any state or country;



1 (6) Notify the regulated industries complaints office to
2 refer reports of any licensee violation of this
3 section to the board for investigation and
4 disciplinary action; and

5 (7) Provide the department of taxation sufficient
6 information to determine the licensee's tax
7 liabilities in this State, to the extent required by
8 law.

9 (e) An individual who has been granted practice privileges
10 under this section may only do so through an accountancy firm
11 that has obtained a permit issued under section 466-7(d) if the
12 individual, for any entity with its home office in this State,
13 performs any:

14 (1) Financial statement audit or other engagement in
15 accordance with the American Institute of Certified
16 Public Accountants statements on auditing standards;

17 (2) Examination of prospective financial information to be
18 performed in accordance with statements on standards
19 for attestation engagements of the American Institute
20 of Certified Public Accountants; or



1 (3) Engagement to be performed in accordance with the
 2 auditing standards of the Public Company Accounting
 3 Oversight Board.

4 (f) A licensee of this State offering or rendering
 5 services or using the licensee's certified public accountant
 6 title in another state shall be subject to disciplinary action
 7 in this State for any act committed in another state for which
 8 the licensee would be subject to discipline for the act
 9 committed in the other state. The board shall investigate any
 10 written complaint made by the board of accountancy of another
 11 state. The nature and extent of the investigation shall be
 12 determined by the board in the exercise of its discretion.

13 (g) The board may impose fees, fines, and costs associated
 14 with investigation of or enforcement on:

- 15 (1) An individual having a practice privilege; or
- 16 (2) A permit holder."

17 SECTION 3. Section 466-3, Hawaii Revised Statutes, is
 18 amended as follows:

19 1. By adding six new definitions to be appropriately
 20 inserted and to read:



1 "Compilation" means providing a service that presents, in
2 the form of financial statements, information that is the
3 representation of management or owners without undertaking to
4 express any assurance on the statements, provided that this
5 services is performed in accordance with statements on standards
6 for accounting and review services.

7 "Home office" means the location specified by a client as
8 the address to which a service described under section 466-7(d)
9 is directed.

10 "Practice privilege" means the legal right to engage in the
11 practice of public accountancy within the State pursuant to
12 section 466- .

13 "Principal place of business" means the office location
14 designated by a licensee for purposes of substantial equivalency
15 and reciprocity.

16 "Substantial equivalency" means a determination by the
17 board or its designee that:

- 18 (1) The education, examination, and experience
19 requirements prescribed by another state jurisdiction
20 are comparable to or exceed the education,
21 examination, and experience requirements under the



1 Uniform Accountancy Act of the American Institute of
2 Certified Public Accountants and the National
3 Association of State Boards of Accountancy; or
4 (2) An individual's certified public accountant education,
5 examination, and experience qualifications are
6 comparable to or exceed the education, examination,
7 and experience requirements under the Uniform
8 Accountancy Act of the American Institute of Certified
9 Public Accountants and the National Association of
10 State Boards of Accountancy;
11 provided that the board shall make a determination regarding
12 substantial equivalency without regard to the sequence in which
13 an individual's experience, education, or examination
14 requirements were attained.

15 "Uniform Accountancy Act" means the Uniform Accountancy Act
16 of the American Institute of Certified Public Accountants and
17 the National Association of State Boards of Accountancy."

18 2. By amending the definition of "attest" to read:
19 " "Attest" means providing the following [~~financial~~
20 ~~statement~~] services:



- 1 (1) Any audit or other engagement to be performed in
2 accordance with the statements on auditing standards
3 of the American Institute of Certified Public
4 Accountants;
- 5 (2) Any compilation or review of a financial statement to
6 be performed in accordance with the statements on
7 standards for accounting and review services of the
8 American Institute of Certified Public Accountants;
- 9 (3) Any examination of prospective financial information
10 to be performed in accordance with the statements on
11 standards for attestation engagements of the American
12 Institute of Certified Public Accountants;
- 13 (4) Any engagement to be performed in accordance with the
14 government auditing standards, also known as the
15 Yellow Book, issued by the United States Government
16 Accountability Office; [~~and~~]
- 17 (5) Any engagement to be performed in accordance with the
18 standards of the Public Company Accounting Oversight
19 Board[-]; and
- 20 (6) Any examination, review, or agreed upon procedures
21 engagement to be performed in accordance with the



1 statements on standards for attestation engagements of
2 the American Institute of Certified Public
3 Accountants, except for an examination under paragraph
4 (3) of this definition."

5 3. By amending the definition of "report" to read:

6 "Report", when used with reference to [~~financial~~
7 ~~statements,~~] any attest or compilation service, means an
8 opinion, report, or other form of language that states or
9 implies the measure of assurance as to the reliability of [~~any~~]
10 the attested information or compiled financial statements, and
11 that also includes, or is accompanied by, any statement or
12 implication that the firm issuing it has special knowledge or
13 competence in accounting or auditing."

14 SECTION 4. Section 466-7, Hawaii Revised Statutes, is
15 amended to read as follows:

16 "**§466-7 Permits to practice.** (a) [~~A~~] Except as provided
17 in subsection (d) and in section 466- , a license and permit
18 are required to actively engage in the practice of public
19 accountancy. The board may grant or renew a permit to actively
20 engage in the practice of public accountancy. Permits shall be
21 initially issued and renewed for periods of two years [~~but in~~



1 ~~any event]~~ and shall expire on December 31 of every odd-numbered
2 year. The board shall prescribe the methods and requirements
3 for application.

4 (b) An applicant for the initial issuance or renewal of a
5 permit shall have:

6 (1) A valid license;

7 (2) Completed continuing professional education hours, the
8 content of which shall be specified by the board which
9 may provide for special consideration by the board to
10 applicants for permit renewal when, in the judgment of
11 the board, full compliance with all requirements of
12 continuing education cannot reasonably be met;

13 (3) Completed an application;

14 (4) Paid appropriate fees and assessments; and

15 (5) In the case of a renewal, undergone and provided proof
16 of having undergone the peer review process pursuant
17 to part II.

18 (c) The board may grant a temporary permit to actively
19 engage in the practice of public accountancy to any person who:

20 (1) Has attained eighteen years of age;



- 1 (2) Possesses a history of competence, trustworthiness,
2 and fair dealing;
- 3 (3) Holds [~~a valid license of certified public accountant~~
4 ~~or of public accountant issued under the laws of~~
5 ~~another state, or who holds~~] a valid comparable
6 certificate, registration, or license or degree from a
7 foreign country determined by the board to be a
8 recognized qualification for the practice of public
9 accountancy in [~~such~~] the other country;
- 10 (4) Incidental to the person's practice in [~~such~~] the
11 other [~~state or~~] country, desires to practice public
12 accountancy in this State on a temporary basis; and
- 13 (5) Has completed an application.

14 [~~Such~~] The permit shall be effective for a period not exceeding
15 three months, and shall specify the nature and extent of the
16 practice [~~so~~] permitted.

17 (d) [~~All firms shall obtain a permit to practice.~~] The
18 board [~~may~~] shall issue or renew a permit to actively engage in
19 the practice of public accountancy to any firm [~~which~~] that
20 submits a completed application and demonstrates qualifications



1 in accordance with this section and as prescribed by the
2 board[-]; provided that:

3 (1) The following firms shall hold a permit issued under
4 this section:

5 (A) Any firm having an office in this State
6 performing attest services as defined under
7 section 466-3;

8 (B) Any firm having an office in this State that uses
9 the title of "certified public accountant" or the
10 abbreviation of "CPA", or "certified public
11 accountant firm" or the abbreviation of "CPA
12 firm"; or

13 (C) Any firm that does not have an office in this
14 State, but performs for a client having its home
15 office in this State any:

16 (i) Audit or other engagement in accordance with
17 the statements on auditing standards;

18 (ii) Examination of prospective financial
19 information to be performed in accordance
20 with the statements on standards for
21 attestation engagements; or



- 1 (iii) Engagement to be performed in accordance
- 2 with the auditing standards of the Public
- 3 Company Accounting Oversight Board;

- 4 (2) A firm that does not have an office in this State may
- 5 perform, for a client having its home office in this
- 6 State, any review of a financial statement in
- 7 accordance with the statements on standards for
- 8 accounting and review services and any compilation as
- 9 defined under section 466-3, and may use the title
- 10 "certified public accountant" or the abbreviation of
- 11 "CPA", or "certified public accountant firm" or the
- 12 abbreviation of "CPA firm", without a permit issued
- 13 under this section only if the firm:

- 14 (A) Meets the firm ownership and peer review
- 15 requirements specified by this chapter and any
- 16 rules adopted by the board; and

- 17 (B) Performs services through an individual who holds
- 18 a current permit to practice issued under this
- 19 chapter or who is granted practice privileges
- 20 under section 466- ; and



1 (3) A firm that is not subject to the requirements under
2 paragraph (1) or (2) may perform in this State other
3 professional services while using the title "certified
4 public accountant" or the abbreviation of "CPA", or
5 "certified public accountant firm" or the abbreviation
6 of "CPA firm", without a permit issued under this
7 section only if the firm:

8 (A) Performs services through an individual who holds
9 a current permit to practice issued under this
10 chapter or who is granted practice privileges
11 under section 466- ; and

12 (B) Can lawfully perform services in the state where
13 the individual with practice privileges, if
14 applicable, has the individual's principal place
15 of business.

16 (e) Failure to submit the required fees, continuing
17 education hours, or other requirements for renewal as specified
18 in this section by December 31 of every odd-numbered year, shall
19 constitute forfeiture of the permit. Continued performance in
20 the practice of public accountancy without a permit shall



1 constitute unlicensed activity and the individual or firm shall
2 be subject to sections 466-9, 466-11, 487-13, and 26-9.

3 (f) The board may restore forfeited permits to the
4 individual or firm ~~[which]~~ that satisfies the following:

5 (1) The requirements of subsection (a), (b), (c), or (d)
6 of this section; and

7 (2) Payment of required fees.

8 (g) For the initial issuance or subsequent renewal of a
9 firm permit to practice under this section, a firm shall show
10 that:

11 (1) If the firm has an office this State, all partners,
12 officers, shareholders, members, or managers residing
13 in this State or whose principal place of business is
14 in this State, hold a current permit to practice
15 issued under this chapter; or

16 (2) If the firm does not have an office in this State,
17 notwithstanding any other law:

18 (A) A simple majority of the ownership of the firm
19 belongs to holders of a certificate who are
20 licensed in a state; provided that a simple
21 majority of the ownership of the firms shall be



1 determined in terms of the possession of
 2 financial interests and voting rights among all
 3 partners, officers, shareholders, members, or
 4 managers; and

5 (B) Of those partners, officers, shareholders,
 6 members, or managers whose principal places of
 7 business are in this State and who perform
 8 professional services in this State, all:

9 (i) Hold a valid permit issued under this
 10 chapter or the corresponding prior law; or

11 (ii) Are public accountants licensed under
 12 section 466-6;

13 provided that a firm may include non-licensed owners,
 14 but the firm and its ownership shall comply with the
 15 rules adopted by the board. An individual who has
 16 practice privileges pursuant to section 466- and
 17 performs services for which a firm permit is required
 18 under section 466- shall not be required to obtain a
 19 certificate or permit from this State; and

20 (3) Any individual licensee or any individual granted
 21 practice privileges under this chapter who is



1 responsible for supervising attest or compilation
 2 services and signs, or authorizes a person to sign,
 3 the accountant's report on the financial statements on
 4 behalf of the firm, shall meet the competency
 5 requirements prescribed in the applicable professional
 6 standards for these services.

7 (h) Firms that become noncompliant with subsection (g) (2)
 8 due to changes in firm ownership or personnel after receiving or
 9 renewing a firm permit shall take corrective action to return
 10 the firm to compliance as soon as possible. The board may grant
 11 a reasonable period of time for a firm to take corrective
 12 action. Failure to return the firm to compliance within a
 13 reasonable period, as defined by the board, shall result in the
 14 suspension or revocation of the firm permit."

15 SECTION 5. Section 466-9, Hawaii Revised Statutes, is
 16 amended to read as follows:

17 "**§466-9 Disciplinary action.** (a) In addition to any
 18 other actions or conditions authorized by law, in accordance
 19 with chapter 91, the board may take any one or more of the
 20 following actions:



- 1 (1) Revoke a license or permit~~[+]~~, or revoke or limit
2 practice privileges granted pursuant to section
3 466- _____ ;
- 4 (2) Suspend a license [~~or permit,~~], permit, or practice
5 privilege;
- 6 (3) Refuse to renew a license or permit;
- 7 (4) Reprimand, censure, or limit the scope of practice of
8 any licensee [~~or firm,~~], firm, or individual with a
9 practice privilege;
- 10 (5) Impose an administrative fine not exceeding \$5,000 per
11 violation;
- 12 (6) Place a licensee [~~or firm on probation,~~], firm, or
13 individual with a practice privilege on probation;
- 14 (7) Require a firm to have a peer review conducted in the
15 manner specified by the board; or
- 16 (8) Require a licensee or individual with a practice
17 privilege to attain satisfactory completion of
18 additional continuing professional education hours as
19 specified by the board.



1 (b) In addition to any other grounds for disciplinary
2 action authorized by law, any one or more of the following shall
3 constitute grounds for disciplinary action:

4 (1) Fraud or deceit in obtaining a license [~~or permit,~~],
5 permit, or practice privilege;

6 (2) Disciplinary action taken by another state where the
7 license or practice privilege is canceled, revoked,
8 suspended, denied, or refused renewal;

9 (3) Failure, on the part of a holder of a license or a
10 permit to maintain compliance with the requirements
11 for issuance of a license [~~or a permit,~~], permit, or
12 practice privilege, or renewal of a license or permit,
13 or to report changes to the board;

14 (4) Revocation or suspension of the right to practice
15 before any state or federal agency;

16 (5) Dishonesty, deceit, fraud, or gross negligence in the
17 practice of public accountancy as a licensee or
18 individual granted practice privileges, or in the
19 filing or failure to file a licensee's or firm's own
20 income tax returns;



- 1 (6) Violation of any provision of this chapter or of any
2 rule adopted by the board;
- 3 (7) Violation of any provision of professional conduct
4 established by the board under this chapter;
- 5 (8) Conviction of any crime an element of which is
6 dishonesty or fraud, under the laws of the United
7 States, of this State, or of any other state if the
8 act involved would have constituted a crime under the
9 laws of this State;
- 10 (9) Performance of any fraudulent act while holding a
11 license [~~or permit~~], permit, or practice privilege
12 issued under this chapter; or
- 13 (10) Any conduct reflecting adversely upon the [~~licensee's~~
14 ~~or permit holder's~~] fitness of a licensee, permit
15 holder, or individual granted practice privilege to
16 engage in the practice of public accountancy.
- 17 (c) Upon application of any person against whom
18 disciplinary action has been taken under subsection (a), the
19 board, in accordance with chapter 91, may reinstate the person's
20 license [~~or permit~~], permit, or practice privilege to practice
21 which was affected by the disciplinary action.



1 (1) The board shall specify the manner in which an
2 application shall be made, the time within which it
3 shall be made, and the circumstances under which the
4 license, permit, or practice privilege may be
5 reinstated; and

6 (2) Before reinstating, the board may:

7 (A) Require the applicant to show successful
8 completion of specified continuing professional
9 education; and

10 (B) Make the reinstatement of a license [~~or permit~~],
11 permit, or practice privilege conditional and
12 subject to satisfactory completion of a peer
13 review conducted in a manner as the board may
14 specify."

15 SECTION 6. Section 466-10, Hawaii Revised Statutes, is
16 amended to read as follows:

17 "**§466-10 Prohibited acts.** (a) Use of title "certified
18 public accountant":

19 (1) Except as otherwise provided in subsection (d) [~~of~~
20 ~~this section~~], no person shall assume or use the title
21 or designation "certified public accountant" or the



1 abbreviation "CPA" or any other title, designation,
 2 words, letters, sign, card, or device likely to be
 3 confused with "certified public accountant" or "CPA"
 4 or tending to indicate that the person is a certified
 5 public accountant, unless the person holds [a]:

6 (A) A current license of certified public accountant
 7 issued under this chapter; or

8 (B) A practice privilege granted pursuant to section
 9 466- ; and

10 a current permit to practice issued under this
 11 chapter;

12 (2) No partnership or corporation shall assume or use the
 13 title or designation "certified public accountant" or
 14 the abbreviation "CPA" or any other title,
 15 designation, words, letters, abbreviation, sign, card,
 16 or device likely to be confused with "certified public
 17 accountant" or "CPA" or tending to indicate that
 18 [~~such~~] the partnership or corporation is composed of
 19 certified public accountants, unless [~~each~~] the
 20 principal place of business for the partnership or
 21 corporation is in this State and:



1 (A) Each of the partners of the partnership who are
2 in the practice of public accountancy in this
3 State~~[, or each]~~; or
4 (B) Each of the shareholders of the corporation who
5 are in the practice of public accountancy in this
6 State,
7 holds a current license of certified public accountant
8 issued under this chapter and a current permit to
9 practice issued under this chapter; and
10 (3) No person shall assume or use the title or designation
11 "certified public accountant" or the abbreviation
12 "CPA" or any other title, designation, words, letters,
13 abbreviation, sign, card, or device likely to be
14 confused with "certified public accountant" or "CPA",
15 in conjunction with names indicating or implying that
16 there is a partnership or corporation, or in
17 conjunction with the designation "and Company" or "and
18 Co." or a similar designation if, in any case, there
19 is in fact no bona fide partnership or corporation
20 existing or registered to do business under the laws
21 of this State.



- 1 (b) Use of title "public accountant":
- 2 (1) Except as otherwise provided in subsection (d) [~~of~~
- 3 ~~this section~~], no person shall assume or use the title
- 4 or designation "public accountant" or the abbreviation
- 5 "PA" or any other title, designation, words, letters,
- 6 sign, card, or device likely to be confused with
- 7 "public accountant" or "PA" or tending to indicate
- 8 that the person is a public accountant unless the
- 9 person holds a current registration of public
- 10 accountant issued under this chapter and a current
- 11 permit to practice issued under this chapter;
- 12 (2) No partnership or corporation shall assume or use the
- 13 title or designation "public accountant" or the
- 14 abbreviation "PA" or any other title, designation,
- 15 words, letters, abbreviation, sign, card, or device
- 16 likely to be confused with "public accountant" or "PA"
- 17 or tending to indicate that the partnership or
- 18 corporation is composed of public accountants, unless
- 19 each of the partners of the partnership who are in the
- 20 practice of public accountancy in this State, or each
- 21 of the shareholders of the corporation who are in the



1 practice of public accountancy in this State, holds a
2 current license of public accountant issued under this
3 chapter and a current permit to practice issued under
4 this chapter; and

5 (3) No person shall assume or use the title or designation
6 "public accountant" or the abbreviation "PA" or any
7 other title, designation, words, letters,
8 abbreviation, sign, card, or device likely to be
9 confused with "public accountant" or "PA", in
10 conjunction with names indicating or implying that
11 there is a partnership or corporation, or in
12 conjunction with the designation "and Company" or "and
13 Co." or a similar designation if, in any case, there
14 is in fact no bona fide partnership or corporation
15 existing under the laws of this State.

16 (c) Representation of special knowledge:

17 (1) ~~[No]~~ Except as otherwise provided in subsection (d),
18 no person shall sign or affix the person's name or any
19 trade or assumed name used by the person in the
20 person's profession or business with any wording
21 indicating, suggesting, or implying that the person is



1 an accountant or auditor, or with any wording
2 indicating, suggesting, or implying that the person
3 has special knowledge in accounting or auditing, to
4 any opinion or certificate attesting in any way to the
5 reliability of any representation or estimate in
6 regard to any person or organization embracing:

7 (A) Financial information~~[, or]~~;

8 (B) Attest service; or

9 ~~[(B)]~~ (C) Facts respecting compliance with conditions
10 established by law or contract, including but not
11 limited to statutes, ordinances, regulations,
12 grants, loans, and appropriations, unless the
13 person holds a current license and a current
14 permit to practice issued under this chapter~~[,]~~;

15 and

16 (2) No person shall sign or affix a partnership or
17 corporate name with any wording indicating,
18 suggesting, or implying that it is a partnership or
19 corporation composed of accountants or auditors or
20 persons having special knowledge of accounting or
21 auditing, to any opinion or certificate attesting in



1 any way to the reliability of any representation or
2 estimate in regard to any person or organization
3 embracing:

4 (A) Financial information[~~, or~~]; or

5 (B) Facts respecting compliance with conditions
6 established by law or contract, including but not
7 limited to statutes, ordinances, regulations,
8 grants, loans, and appropriations,

9 unless [~~each~~] the principal place of business for the
10 partnership or corporation is in this State and:

11 (A) Each of the partners of the partnership who are
12 in the practice of public accountancy in this
13 State[~~, or each~~]; or

14 (B) Each of the shareholders of the corporation who
15 are in the practice of public accountancy in this
16 State,

17 holds a current license of certified public accountant
18 or of public accountant issued under this chapter and
19 a current permit to practice issued under this
20 chapter.



1 (d) Nothing contained in this chapter shall prohibit any
2 person[+] who:

3 (1) [~~who holds~~] Holds a current license of certified
4 public accountant issued under this chapter from
5 assuming and using the title and designation
6 "certified public accountant" or "CPA"; provided that
7 if the person does not also hold a current permit to
8 practice issued under this chapter, the person shall
9 clearly indicate in assuming and using said title that
10 the person does not hold the person's self out to be
11 in the practice of public accountancy;

12 (2) [~~who holds~~] Holds a current license of public
13 accountant issued under this chapter from assuming and
14 using the title and designation "public accountant" or
15 "PA"; provided that if the person does not also hold a
16 current permit to practice issued under this chapter,
17 the person shall clearly indicate in assuming and
18 using the title that the person does not hold the
19 person's self out to be in the practice of public
20 accountancy;



1 (3) ~~[who holds]~~ Holds a temporary practice permit issued
 2 under this chapter from using the title and
 3 designation under which the person is generally known
 4 in the state or country from which the person received
 5 a valid comparable certificate, registration, or
 6 license for the practice of public accountancy;

7 (4) Qualifies for a practice privilege granted pursuant to
 8 section 466- from using the title and designation
 9 "certified public accountant" or the abbreviation
 10 "CPA", or from providing any service that may be
 11 performed by a certified public accountant of this
 12 State without having to obtain a certificate or permit
 13 to practice; provided that the conditions prescribed
 14 under section 466- are satisfied;

15 ~~[-(4) who is]~~ (5) Is not a certified public accountant or
 16 public accountant from serving as an employee of, or
 17 an assistant to, a certified public accountant or
 18 public accountant; provided that the employee or
 19 assistant works under the control and supervision of a
 20 person who holds a current license of certified public
 21 accountant or of public accountant and a current



1 permit to practice issued under this chapter; and
2 provided further that the employee or assistant does
3 not issue any statement or report over the person's
4 name except office reports to the person's employer as
5 are customary, and that the employee or assistant is
6 not in any manner held out to the public as a
7 certified public accountant or public accountant;
8 ~~[-(5) who is]~~ (6) Is an officer, employee, partner, or
9 principal of any organization from signing or affixing
10 the person's name to any statement or report in
11 reference to the affairs of that organization;
12 provided that in ~~[se]~~ signing or affixing the person's
13 name, the person shall clearly indicate that the
14 person is an officer, employee, partner, or principal
15 of the organization, and the position, title, or
16 office ~~[which]~~ that the person holds ~~[therein]~~;
17 ~~[-(6) who is]~~ (7) Is a public official or public employee
18 from the performance of the person's duties as such;
19 or
20 ~~[-(7) who is]~~ (8) Is an attorney at law from engaging in
21 practice as such.



1 (e) Notwithstanding any law to the contrary, it shall not
2 be a violation of this section for a firm that complies with
3 section 466-7(d)(2) or (3), as applicable, to use in this State
4 the title "certified public accountant" or the abbreviation
5 "CPA" as part of the firm's name, or for the firm's licensees or
6 other individuals to provide professional services on behalf of
7 the firm, even if the firm does not hold a valid permit under
8 section 466-7 or does not have an office in this State; provided
9 that an individual or firm authorized under section 466- to
10 exercise practice privileges in this State shall comply with all
11 applicable licensee requirements under section 466- ."

12 SECTION 7. Section 466-34, Hawaii Revised Statutes, is
13 amended as follows:

14 1. By amending subsections (b), (c), and (d) to read:

15 "(b) ~~[All]~~ Except for firms exempt from the permit
16 requirements pursuant to section 466-7(d)(2) or (3), all firms
17 subject to this part and performing Hawaii attest work as of
18 December 31, 2014, shall enroll in the applicable program of an
19 approved sponsoring organization by December 31, 2015, notify
20 the board of enrollment in that program, and have a peer review
21 performed by December 31, 2017.



1 (c) [~~Any~~] Except for firms exempt from the permit
2 requirements pursuant to section on 466-7(d)(2) or (3), any firm
3 that begins performing Hawaii attest work after December 31,
4 2014, shall:

5 (1) Notify the board within thirty days of the beginning
6 of the performance of attest work;

7 (2) Enroll in the applicable programs of an approved
8 sponsoring organization within one year from its
9 initial licensing date or the performance of Hawaii
10 attest work that requires a peer review;

11 (3) Provide the board with enrollment information within
12 one year of the date the Hawaii attest work was first
13 performed;

14 (4) Have a peer review performed within eighteen months of
15 the date the Hawaii attest work was first performed;

16 (5) Adopt the peer review due date assigned by the
17 sponsoring organization and notify the board of the
18 peer review due date within thirty days of its
19 assignment; and

20 (6) Schedule and begin an additional review within three
21 years of the previous review's due date, or earlier if



1 required by the sponsoring organization or the board;
2 provided that the firm shall be responsible for
3 anticipating its needs for peer review services in
4 sufficient time to enable the reviewer to complete the
5 review by the assigned review due date.

6 (d) A firm that does not perform Hawaii attest work or is
7 exempt from the permit requirements pursuant to section on
8 466-7(d)(2) or (3) shall be exempt from the peer review
9 process."

10 2. By amending subsection (i) to read:

11 "(i) [~~A~~] Except for a firm exempt from the permit
12 requirements pursuant to section on 466-7(d)(2) or (3), an out-
13 of-state firm performing Hawaii attest work shall comply with
14 this part."

15 SECTION 8. Section 466-35, Hawaii Revised Statutes, is
16 amended by amending subsection (b) to read as follows:

17 "(b) [A] Except for a firm exempt from the permit
18 requirements pursuant to section on 466-7(d)(2) or (3), a firm
19 shall include, with the peer review compliance reporting form,
20 the contemporaneous Hawaii supplement to the peer review report
21 pursuant to section 466-36, if:



- 1 (1) A peer review report from an approved sponsoring
2 organization does not include the selection of a
3 Hawaii office or Hawaii attest engagement;
- 4 (2) The peer reviewer does not hold permits to practice
5 public accountancy under section 466-7 or is not
6 licensed to practice public accountancy in any other
7 state, except inspectors for the public company
8 accounting oversight board; or
- 9 (3) The final report resulting from any inspection by the
10 public company accounting oversight board firm
11 inspection program does not include the firm's Hawaii
12 offices, if any, and Hawaii attest engagements in the
13 scope of the inspection, and the firm is not required
14 to enroll in another peer review program under section
15 466-34."

16 SECTION 9. Section 466-36, Hawaii Revised Statutes, is
17 amended by amending subsection (a) to read as follows:

18 "(a) A firm that is required to undergo a peer review
19 under this chapter and is not exempt from the permit
20 requirements pursuant to section on 466-7(d)(2) or (3), a shall
21 engage the services of a practitioner or firm holding a permit

1 issued under section 466-7 to perform the following procedures
2 to supplement the peer review report:

3 (1) Obtain from the reviewed firm a list of Hawaii attest
4 engagements included in the scope of the peer review,
5 in accordance with the American Institute of Certified
6 Public Accountants Standards for Performing and
7 Reporting on Peer Reviews;

8 (2) Select one or more engagements from the list of
9 engagements obtained from the reviewed firm;

10 (3) Obtain from the reviewed firm, the reports, financial
11 statements, work papers, and work product resulting
12 from the attest engagements selected;

13 (4) Read and compare the reports, work papers, and work
14 product to an appropriate disclosure checklist to
15 evaluate the firm's compliance with professional
16 standards; and

17 (5) Document all instances of noncompliance with
18 professional standards detected while performing the
19 procedures listed in this section."

20 SECTION 10. Section 466-38, Hawaii Revised Statutes, is
21 amended by amending subsection (a) to read as follows:



1 "(a) [A] Except for a firm exempt from the permit
2 requirements pursuant to section on 466-7(d)(2) or (3), a firm
3 shall submit to the board:

4 (1) A copy of the peer review report and the final letter
5 of acceptance from the sponsoring organization, if the
6 report has a rating of "pass";

7 (2) A copy of the peer review report, the firm's letter of
8 response, the corrective action letter, and the final
9 letter of acceptance if the report has a rating of
10 "pass with deficiency" or "fail"; or

11 (3) A copy of any report or Part I and any other public
12 portion of the report resulting from any inspection by
13 the public company accounting oversight board firm
14 inspection program together with documentation of any
15 significant deficiencies, findings, and the firm's
16 response."

17 SECTION 11. Statutory material to be repealed is bracketed
18 and stricken. New statutory material is underscored.

19 SECTION 12. This Act shall take effect upon its approval.

20

INTRODUCED BY: 

JAN 23 2020

H.B. NO. 2626

Report Title:

Public Accountancy; State Board of Public Accountancy; Certified Public Accountants

Description:

Establishes procedures and eligibility criteria for a privilege to practice public accountancy in the State for public accountants and certified public accountants licensed in another state with comparable education, examination, and experience requirements. Subjects all holders of a privilege to practice to the regulatory and enforcement jurisdiction of the State Board of Accountancy.

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

