
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 under existing law,
2 out-of-state certified public accountants are permitted to
3 practice in Hawaii under a temporary permit to practice.
4 However, amendments to this permit to practice process are
5 needed.

6 Accordingly, the purpose of this Act is to:

- 7 (1) Specify who may be granted a temporary permit to
8 practice public accountancy;
- 9 (2) Specify requirements that must be met prior to
10 obtaining a temporary permit to practice or commencing
11 public accountancy services in Hawaii;
- 12 (3) Specify additional requirements for persons granted a
13 temporary permit to practice; and
- 14 (4) Clarify requirements for inactive or retired persons
15 licensed as certified public accountants but who do
16 not have a permit to practice.



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

4 "§466- Temporary permits to practice. (a) The board may
5 grant a temporary permit to persons who wish to engage in the
6 practice of public accountancy for a limited period of time in
7 this State. The temporary permit to practice granted pursuant
8 to this section shall be limited to attest or litigation support
9 services.

10 (b) The temporary permit to practice may be granted to any
11 person who:

- 12 (1) Has attained eighteen years of age;
13 (2) Is a United States citizen, a United States national,
14 or an alien authorized to work in the United States;
15 (3) Possesses a history of competence, trustworthiness,
16 and fair dealing;
17 (4) Holds a valid license of certified public accountant
18 issued under the laws of another state or United
19 States jurisdiction;
20 (5) Incidental to the person's practice in such other
21 state or jurisdiction, desires to practice public



1 accountancy in this State on a temporary, and not a
2 permanent or recurring, basis; and

3 (6) Has completed an application in a form and method
4 prescribed by the board and paid any applicable fees
5 for a temporary permit to practice.

6 (c) No person shall commence public accountancy services
7 in this State on a temporary basis without first obtaining a
8 temporary permit to practice under this section.

9 (d) A temporary permit to practice issued under this
10 section shall be effective for a period not exceeding one
11 hundred twenty cumulative days in any calendar year period,
12 unless otherwise extended at the discretion of the board for
13 complicated attest or litigation support services, and shall
14 specify the nature and extent of the practice so permitted. A
15 temporary permit to practice issued pursuant to this section may
16 be renewed in a subsequent calendar year. More than three
17 requests for temporary permits to practice within three calendar
18 years shall be prima facie evidence that the individual is
19 engaged in the practice of public accountancy in this State and
20 a permit issued under section 466-7 shall be required.



1 (e) A licensee of another state or jurisdiction who
2 obtains a temporary permit to practice shall consent and certify
3 to:

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

6 (2) Comply with this chapter and the rules adopted by the
7 board;

8 (3) Cease to offer or render professional services in this
9 State as an individual and on behalf of the licensee's
10 accountancy firm if:

11 (A) The license from the state of the licensee's
12 principal place of business is no longer current
13 and active; or

14 (B) The licensee's practice has been limited or
15 conditioned in any jurisdiction, including the
16 licensee's principal place of business;

17 (4) Notify the board within fifteen days if:

18 (A) Any disciplinary action relating to the
19 individual's license is commenced in any state,
20 jurisdiction, or proceeding by the board against

21 the licensee; or



- 1 (B) The licensee is convicted of any criminal offense
2 in any state, jurisdiction, or country;
- 3 (5) Not to assume, use a title or designation, or use any
4 other title, designation, words, letters, sign, card,
5 or device that would tend to indicate that the person
6 is a certified public accountant licensed in this
7 State or public accountant licensed in this State;
- 8 (6) Provide the name and general excise tax license number
9 of the licensee's Hawaii certified public accountancy
10 firm and pay the related state income tax and any
11 other applicable taxes associated with the practice of
12 public accountancy in this State; and
- 13 (7) Pay all costs associated with any out-of-state
14 investigation, enforcement, and collection efforts
15 associated with the temporary permit to practice
16 granted under this section, as may be ordered by the
17 board."

18 SECTION 3. Section 466-3, Hawaii Revised Statutes, is
19 amended by adding two new definitions to be appropriately
20 inserted and to read as follows:



1 "Principal place of business" means the office location
2 designated by a licensee for purposes of a temporary permit to
3 practice issued under section 466- .

4 "Temporary permit to practice" means a permit to practice
5 public accountancy for a limited period of time in this State
6 issued under section 466- ."

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

9 "**§466-7 Permits to practice.** (a) A license and permit
10 are required to actively engage in the practice of public
11 accountancy. The board may grant or renew a permit to actively
12 engage in the practice of public accountancy. Permits shall be
13 initially issued and renewed for periods of two years but in any
14 event shall expire on December 31 of every odd-numbered year.
15 The board shall prescribe the methods and requirements for
16 application.

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

19 (1) A valid license;

20 (2) Completed continuing professional education hours, the
21 content of which shall be specified by the board which



1 may provide for special consideration by the board to
2 applicants for permit renewal when, in the judgment of
3 the board, full compliance with all requirements of
4 continuing education cannot reasonably be met;

- 5 (3) Completed an application;
- 6 (4) Paid appropriate fees and assessments; and
- 7 (5) In the case of a renewal, undergone and provided proof
8 of having undergone the peer review process pursuant
9 to part II.

10 ~~[(c) The board may grant a temporary permit to actively~~
11 ~~engage in the practice of public accountancy to any person who:~~

- 12 ~~(1) Has attained eighteen years of age;~~
- 13 ~~(2) Possesses a history of competence, trustworthiness,~~
14 ~~and fair dealing;~~
- 15 ~~(3) Holds a valid license of certified public accountant~~
16 ~~or of public accountant issued under the laws of~~
17 ~~another state, or who holds a valid comparable~~
18 ~~certificate, registration, or license or degree from a~~
19 ~~foreign country determined by the board to be a~~
20 ~~recognized qualification for the practice of public~~
21 ~~accountancy in such other country;~~



1 ~~(4) Incidental to the person's practice in such other~~
2 ~~state or country, desires to practice public~~
3 ~~accountancy in this State on a temporary basis; and~~
4 ~~(5) Has completed an application.~~

5 ~~Such permit shall be effective for a period not exceeding three~~
6 ~~months, and shall specify the nature and extent of the practice~~
7 ~~so permitted.~~

8 ~~(d)]~~ (c) All firms shall obtain a permit to practice. The
9 board may issue or renew a permit to actively engage in the
10 practice of public accountancy to any firm which submits a
11 completed application and demonstrates qualifications as
12 prescribed by the board.

13 ~~[(e)]~~ (d) Failure to submit the required fees, continuing
14 education hours, or other requirements for renewal as specified
15 in this section by December 31 of every odd-numbered year, shall
16 constitute forfeiture of the permit. Continued performance in
17 the practice of public accountancy without a permit shall
18 constitute unlicensed activity and the individual or firm shall
19 be subject to sections 466-9, 466-11, 487-13, and 26-9.

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



- 1 (1) The requirements of subsection (a), (b), or (c) [~~or~~
- 2 ~~(d) of this section~~]; and
- 3 (2) Payment of required fees."

4 SECTION 5. Section 466-8, Hawaii Revised Statutes, is
 5 amended by amending subsections (d) and (e) to read as follows:

6 "(d) An application for the issuance of a biennial permit
 7 to practice for an individual or firm under section 466-7(a) and
 8 [~~(d)~~] (c) shall be accompanied by the application and permit to
 9 practice fees.

10 (e) An application for the issuance of a temporary permit
 11 to practice under section [~~466-7(e)~~] 466- shall be accompanied
 12 by the application and temporary permit to practice fees."

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

15 (d) Nothing contained in this chapter shall prohibit any
 16 person:

- 17 (1) Who holds a current license of certified public
- 18 accountant issued under this chapter from assuming and
- 19 using the title and designation "certified public
- 20 accountant" or "CPA"; provided that if the person does
- 21 not also hold a current permit to practice issued



1 under this chapter, the person shall clearly indicate
2 in assuming and using said title that the person does
3 not hold the person's self out to be in the practice
4 of public accountancy; provided further that if the
5 person is inactive or retired, the person shall
6 clearly indicate in assuming and using said title that
7 the person does not hold the person's self out to be
8 in the practice of public accountancy, by indicating
9 "inactive" or "retired" after the person's CPA
10 credential for those that do not have a permit to
11 practice;

- 12 (2) Who holds a current license of public accountant
13 issued under this chapter from assuming and using the
14 title and designation "public accountant" or "PA";
15 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 a temporary [~~practice~~] permit to practice
2 issued under [~~this chapter~~] section 466- from using
3 the title and designation under which the person is
4 generally known in the state or [~~country~~] jurisdiction
5 from which the person received a valid comparable
6 certificate, registration, or license for the practice
7 of public accountancy;
- 8 (4) Who is not a certified public accountant or public
9 accountant from serving as an employee of, or an
10 assistant to, a certified public accountant or public
11 accountant; provided that the employee or assistant
12 works under the control and supervision of a person
13 who holds a current license of certified public
14 accountant or of public accountant and a current
15 permit to practice issued under this chapter; and
16 provided further that the employee or assistant does
17 not issue any statement or report over the person's
18 name except office reports to the person's employer as
19 are customary, and that the employee or assistant is
20 not in any manner held out to the public as a
21 certified public accountant or public accountant;



1 (5) Who is an officer, employee, partner, or principal of
2 any organization from signing or affixing the person's
3 name to any statement or report in reference to the
4 affairs of that organization; provided that in so
5 signing or affixing the person's name the person shall
6 clearly indicate that the person is an officer,
7 employee, partner, or principal of the organization,
8 and the position, title, or office which the person
9 holds therein;

10 (6) Who is a public official or public employee from the
11 performance of the person's duties as such; or

12 (7) Who is an attorney at law from engaging in practice as
13 such."

14 SECTION 7. Statutory material to be repealed is bracketed
15 and stricken. New statutory material is underscored.

16 SECTION 8. This Act shall take effect on January 1, 2020.

17



Report Title:

Certified Public Accountants; Temporary Permits to Practice;
Board of Public Accountancy; Public Accountancy; Permits to
Practice

Description:

Specifies who may be granted a temporary permit to practice public accountancy. Specifies requirements that must be met prior to obtaining a temporary permit to practice or commencing public accountancy services in Hawaii. Specifies additional requirements for persons granted a temporary permit to practice. Clarifies requirements for inactive or retired persons licensed as certified public accountants who do not have a permit to practice. Takes effect on 1/1/2020. (SD1)

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