

STAND. COM. REP. NO.

508

Honolulu, Hawaii

FEB 15 2019

RE: S.B. No. 1470
S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Thirtieth State Legislature
Regular Session of 2019
State of Hawaii

Sir:

Your Committee on Commerce, Consumer Protection, and Health,
to which was referred S.B. No. 1470 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) Specify who may be granted a temporary permit to practice public accountancy;
- (2) Specify requirements that must be met prior to obtaining a temporary permit to practice or commencing public accountancy servicer in Hawaii;
- (3) Specify additional requirements for persons granted a temporary permit to practice; and
- (4) Make conforming amendments to the laws relating to public accountancy.

Your Committee received testimony in support of this measure from the Hawaii Association of Public Accountants and Niwao & Roberts, CPAs, A Professional Corporation. Your Committee received testimony in opposition to this measure from Business Resource Center, Inc.; Hawaii Society of CPAs; and twenty-six individuals. Your Committee received comments on this measure



from the Regulated Industries Complaints Office of the Department of Commerce and Consumer Affairs and Board of Public Accountancy.

Your Committee finds that a more streamlined and shortened process is needed for out-of-state certified public accountants (CPAs) to obtain a temporary permit to practice in this State. This measure will effectively create functional mobility for out-of-state CPAs, while still creating an audit trail for the protection of Hawaii's consumers and taxpayers.

Your Committee further notes that clarification is needed to avoid confusion to both the public and the CPA license holders who hold themselves out as a CPA, but do not possess a permit to practice. Hawaii is the only state to use the term CPA license for individuals with no practice privileges. This is confusing to the public and too tempting for individuals to cross the line into illegally holding themselves out to the public as a CPA with full practice privileges, despite not holding a permit. Your Committee notes the concerns raised in testimony regarding this issue, and therefore, amendments are necessary. Your Committee further finds that the latest Uniform Accountancy Act recommends carving out an exception to the continuing education requirement for "inactive" or "retired" CPAs.

Your Committee has amended this measure by:

- (1) Removing language that would have allowed state-licensed CPAs and state licensed public accountants who also have a current permit to practice, to use the title and designation of "certified public accountant" or "CPA", or "public accountant" or "PA", respectively;
- (2) Allowing inactive or retired state-licensed CPAs, who do not have a current permit to practice, to use the title and designation of "certified public accountant" or "CPA", so long as they clearly indicate they are not practicing public accountancy and include "inactive" or "retired" after their CPA designation; and
- (3) 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. 1470, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1470, S.D. 1, and be referred to your Committee on Judiciary.

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




ROSALYN H. BAKER, Chair



The Senate
Thirtieth Legislature
State of Hawai'i

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

Bill / Resolution No.:*	Committee Referral:	Date:		
SB 1470	CPH, JDC	2/11/19		
<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)	✓			
CHANG, Stanley (VC)	✓			
KEOHOKALOOLE, Jarrett	✓			
NISHIHARA, Clarence K.	✓			
RUDERMAN, Russell E.	✓			
THIELEN, Laura H.	✓			
FEVELLA, Kurt				✓
TOTAL	6			1
Recommendation:				
<input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature:				
				
Distribution:				
Original File with Committee Report	Yellow Clerk's Office	Pink Drafting Agency	Goldenrod Committee File Copy	

*Only one measure per Record of Votes