

HB

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# 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 certified public  
2 accountants practice public accountancy across state lines on an  
3 increasingly more frequent basis. In fact, business realities,  
4 including interstate commerce and virtual technologies, make  
5 conducting business across state borders an everyday occurrence.  
6 For this reason, mobility laws for certified public accountants  
7 have been enacted in every state, except Hawaii, to allow users  
8 to obtain services from qualified certified public accountants  
9 wherever those certified public accountants may happen to  
10 reside.

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



1 barriers have the harshest effect on small accountancy firms and  
2 sole practitioners. Larger accountancy firms in Hawaii can  
3 develop extensive resources and staff to accommodate the needs  
4 of these specialized industries. However, smaller accountancy  
5 firms and sole practitioners are unable to access enough  
6 qualified certified public accountants in Hawaii to meet their  
7 growing needs, and thus, are disproportionately affected by the  
8 lack of a mobility law. There is a critical need for Hawaii to  
9 adopt 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 without the unnecessary  
12 burdens that exist now.

13 Without a mobility law, the state board of public  
14 accountancy has no jurisdiction over these out-of-state licensed  
15 certified public accountants. With the establishment of a  
16 mobility law, the state board of public accountancy will gain  
17 automatic jurisdiction over all certified public accountants  
18 practicing in Hawaii, thereby enabling the board to discipline  
19 out-of-state certified public accountants, regardless of whether  
20 they are licensed in Hawaii. Automatic jurisdiction is of



1 critical importance to the enhancement of the board's public  
2 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 within the state  
7 board of public accountancy clear disciplinary power over all  
8 certified public accountants doing business in Hawaii.

9 SECTION 2. Chapter 446, Hawaii Revised Statutes, is  
10 amended by adding a new section to be appropriately designated  
11 and to read as follows:

12 "§466- Substantial equivalency. (a) An individual  
13 whose principal place of business is not in this State and who  
14 holds a valid current license as a certified public accountant  
15 from any state that the National Association of State Boards of  
16 Accountancy's National Qualification Appraisal Service has  
17 verified to be in substantial equivalence with the certified  
18 public accountant licensure requirements under the Uniform  
19 Accountancy Act shall:



1       (1) Be presumed to have qualifications that are  
2           substantially equivalent to this State's requirements;  
3           and

4       (2) Have a practice privilege in this State, subject to  
5           subsections (c) and (d), without the need to obtain a  
6           license and permit under sections 466-5 and 466-7.

7       (b) An individual whose principal places of business is  
8       not in this State and who holds a valid current license as a  
9       certified public accountant from any state that the National  
10       Association of State Boards of Accountancy's National  
11       Qualification Appraisal Service has not verified to be in  
12       substantial equivalence with the certified public accountant  
13       licensure requirements under the Uniform Accountancy Act shall:

14       (1) Be presumed to have qualifications that are  
15           substantially equivalent to this State's requirements;  
16           and

17       (2) Have a practice privilege in this State, subject to  
18           subsections (c) and (d), without the need to obtain a  
19           license and permit under sections 466-5 and 466-7;

20       provided that the individual obtains from the National  
21       Association of State Boards of Accountancy's National



1 Qualification Appraisal Service verification that the  
2 individual's certified public accountant qualifications are  
3 substantially equivalent to the certified public accountant  
4 licensure requirements under the Uniform Accountancy Act. Any  
5 individual who passed the Uniform Certified Public Accountant  
6 Examination and holds a valid license issued by any other state  
7 prior to January 1, 2012, may be exempt from the education  
8 requirement under section 466-5.5 for purposes of this  
9 subsection.

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

13 (d) A licensee of another state exercising the privilege  
14 afforded under this section and the accountancy firm that  
15 employs this licensee shall jointly and severally consent, as a  
16 condition of the exercise of this privilege:

17 (1) To the personal and subject matter jurisdiction and  
18 disciplinary authority of the board;

19 (2) To comply with this chapter and the rules adopted by  
20 the board;



- 1        (3) In the event the license from the state of the  
2        licensee's principal place of business is no longer  
3        valid, as a licensee, to cease to offer or render  
4        professional services in this State as an individual  
5        and on behalf of the accountancy firm;
- 6        (4) To the appointment of the state board that issued the  
7        license as the licensee's agent upon whom process may  
8        be served in any action or proceeding by the board  
9        against the licensee;
- 10       (5) To promptly notify the board within thirty days if:
- 11       (A) Any disciplinary action relating to the  
12       individual's license is commenced in any state;  
13       or
- 14       (B) The individual is convicted of any criminal  
15       offense in any state or country;
- 16       (6) To notify the regulated industries complaints office  
17       to refer reports of any licensee violation of this  
18       section to the board for investigation and  
19       disciplinary action; and
- 20       (7) To provide the department of taxation sufficient  
21       information to determine the licensee's tax



1            liabilities in this State, to the extent required by  
2            law.

3            (e) An individual who has been granted practice privileges  
4 under this section may only do so through an accountancy firm  
5 that has obtained a permit issued under section 466-7(d) if the  
6 individual, for any entity with its home office in this State,  
7 performs any of the following services:

8            (1) Any financial statement audit or other engagement to  
9            be performed in accordance with statements on auditing  
10           standards of the American Institute of Certified  
11           Public Accountants;

12           (2) Any examination of prospective financial information  
13           to be performed in accordance with statements on  
14           standards for attestation engagements of the American  
15           Institute of Certified Public Accountants; or

16           (3) Any engagement to be performed in accordance with the  
17           Public Company Accounting Oversight Board's auditing  
18           standards.

19           (f) A licensee of this State offering or rendering  
20 services or using the licensee's certified public accountant  
21 title in another state shall be subject to disciplinary action





1 in this State for an act committed in another state for which  
 2 the licensee would be subject to discipline for the act  
 3 committed in the other state. The board shall investigate any  
 4 written complaint made by the board of accountancy of another  
 5 state. The nature and extent of the investigation shall be  
 6 determined by the board in the exercise of its discretion.

7 (g) The board may impose fees, fines, and costs associated  
 8 with investigation and enforcement on an individual with a  
 9 practice privilege or on a permit holder."

10 SECTION 3. Section 466-3, Hawaii Revised Statutes, is  
 11 amended as follows:

12 1. By adding six new definitions to be appropriately  
 13 inserted and to read:

14 "Compilation" means providing a service to be performed in  
 15 accordance with statements on standards for accounting and  
 16 review services that is presenting, in the form of financial  
 17 statements, information that is the representation of management  
 18 or owners without undertaking to express any assurance on the  
 19 statements.



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

4       "Practice privilege" means the legal right to engage in the  
5 practice of public accountancy within the State pursuant to  
6 section 466- (a) or (b) and subject to the conditions and  
7 limitations established under section 466- .

8       "Principal place of business" means the office location  
9 designated by a licensee for purposes of substantial equivalency  
10 and reciprocity.

11       "Substantial equivalency" means a determination by the  
12 board or its designee that:

13       (1) The education, examination, and experience  
14 requirements prescribed by law and rules of another  
15 state jurisdiction are comparable to or exceed the  
16 education, examination, and experience requirements  
17 under the Uniform Accountancy Act of the American  
18 Institute of Certified Public Accountants and National  
19 Association of State Boards of Accountancy; or

20       (2) An individual's certified public accountant education,  
21 examination, and experience qualifications are



1           comparable to or exceed the education, examination,  
 2           and experience requirements under the Uniform  
 3           Accountancy Act of the American Institute of Certified  
 4           Public Accountants and National Association of State  
 5           Boards of Accountancy.

6   As used in this chapter, in ascertaining substantial  
 7   equivalency, the board shall consider the qualification without  
 8   regard to the sequence in which experience, education, or  
 9   examination requirements were attained.

10           "Uniform Accountancy Act" means the Uniform Accountancy Act  
 11   of the American Institute of Certified Public Accountants and  
 12   National Association of State Boards of Accountancy."

13           2. By amending the definition of "attest" to read:

14            "Attest" means providing the following [~~financial~~  
 15   ~~statement~~] services:

16           (1) Any audit or other engagement to be performed in  
 17           accordance with the statements on auditing standards  
 18           of the American Institute of Certified Public  
 19           Accountants;

20           (2) Any compilation or review of a financial statement to  
 21           be performed in accordance with the statements on



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



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

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

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

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



- 1 (1) A valid license;
- 2 (2) Completed continuing professional education hours, the  
3 content of which shall be specified by the board,  
4 which may provide for special consideration by the  
5 board to applicants for permit renewal when, in the  
6 judgment of the board, full compliance with all  
7 requirements of continuing education cannot reasonably  
8 be met;
- 9 (3) Completed an application;
- 10 (4) Paid appropriate fees and assessments; and
- 11 (5) In the case of a renewal, undergone and provided proof  
12 of having undergone the peer review process pursuant  
13 to part II.
- 14 (c) The board may grant a temporary permit to actively  
15 engage in the practice of public accountancy to any person who:
- 16 (1) Has attained eighteen years of age;
- 17 (2) Possesses a history of competence, trustworthiness,  
18 and fair dealing;
- 19 (3) Holds [~~a valid license of certified public accountant~~  
20 ~~or of public accountant issued under the laws of~~  
21 ~~another state, or who holds]~~ a valid comparable



1 certificate, registration, or license or degree from a  
2 foreign country determined by the board to be a  
3 recognized qualification for the practice of public  
4 accountancy in ~~[such]~~ the other country;

5 (4) Incidental to the person's practice in ~~[such]~~ the  
6 other ~~[state or]~~ country, desires to practice public  
7 accountancy in this State on a temporary basis; and

8 (5) Has completed an application.

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

12 (d) ~~[All firms shall obtain a permit to practice.]~~ The  
13 board ~~[may]~~ shall issue or renew a permit to actively engage in  
14 the practice of public accountancy to any firm ~~[which]~~ that  
15 submits a completed application and demonstrates qualifications  
16 in accordance with this section and as prescribed by the board.

17 The following requirements shall apply:

18 (1) The following firms shall hold a permit issued under  
19 this section:

20 (A) Any firm with an office in this State performing  
21 attest services as defined under section 466-3;



- 1           (B) Any firm with an office in this State that uses  
2           the title of "certified public accountant" or the  
3           abbreviation of "CPA", or "certified public  
4           accountant firm" or abbreviation of "CPA firm";  
5           or  
6           (C) Any firm that does not have an office in this  
7           State, but for a client having its home office in  
8           this State, performs any audit or other  
9           engagements to be performed in accordance with  
10           the statements on auditing standards, any  
11           examination of prospective financial information  
12           to be performed in accordance with the statements  
13           on standards for attestation engagements, or any  
14           engagement to be performed in accordance with the  
15           auditing standards of the Public Company  
16           Accounting Oversight Board;  
17           (2) A firm that does not have an office in this State may  
18           perform for a client having its home office in this  
19           State any review of a financial statement to be  
20           performed in accordance with the statements on  
21           standards for accounting and review services and any





1 compilation as defined under section 466-3, and may  
 2 use the title "certified public accountant" or the  
 3 abbreviation of "CPA", or "certified public accountant  
 4 firm" or the abbreviation of "CPA firm" without a  
 5 permit issued under this section only if:

6 (A) The firm meets the firm ownership and peer review  
 7 requirements specified by this chapter and rules  
 8 adopted by the board; and

9 (B) The firm performs services through an individual  
 10 who holds a current permit to practice issued  
 11 under this chapter or who is granted practice  
 12 privileges under section 466- ; and

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

20 (A) The firm performs services through an individual  
 21 who holds a current permit to practice issued



1           under this chapter or who is granted practice  
2           privileges under section 466- ; and

3           (B) The firm can lawfully perform services in the  
4           state where the individual with practice  
5           privileges, if applicable, has the individual's  
6           principal place of business.

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

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

16           (1) The requirements of subsection (a), (b), (c), or (d)  
17           ~~[of this section]~~; and

18           (2) Payment of required fees.

19           (g) For the initial issuance or renewal of a firm permit  
20 to practice under this section, a firm shall show that:



- 1        (1) If the firm has an office this State, all partners,  
2        officers, shareholders, members, or managers residing  
3        in this State or whose principal place of business is  
4        in this State, hold a current permit to practice  
5        issued under this chapter; or
- 6        (2) If the firm does not have an office in this State,  
7        notwithstanding any other law, a simple majority of  
8        the ownership of the firm, in terms of financial  
9        interests and voting rights of all partners, officers,  
10       shareholders, members, or managers, belongs to holders  
11       of a certificate who are licensed in a state, and  
12       those partners, officers, shareholders, members, or  
13       managers whose principal places of business are in  
14       this State and who perform professional services in  
15       this State hold a valid permit issued under this  
16       chapter or the corresponding prior law, or are public  
17       accountants licensed under section 466-6. Although  
18       firms may include non-licensed owners, the firm and  
19       its ownership shall comply with the rules adopted by  
20       the board. An individual who has practice privileges  
21       pursuant to section 466- and performs services for



1           which a firm permit is required under section 466-  
2           shall not be required to obtain a certificate or  
3           permit from this State; and  
4           (3) Any individual licensee or any individual granted  
5           practice privileges under this chapter who is  
6           responsible for supervising attest or compilation  
7           services and signs or authorizes a person to sign the  
8           accountant's report on the financial statements on  
9           behalf of the firm shall meet the competency  
10           requirements prescribed in the applicable professional  
11           standards for these services.

12           (h) Firms that fall out of compliance with subsection  
13           (g) (2) due to changes in firm ownership or personnel after  
14           receiving or renewing a permit shall take corrective action to  
15           return the firm to compliance as soon as possible. The board  
16           may grant a reasonable period of time for a firm to take  
17           corrective action. Failure to return the firm to compliance  
18           within a reasonable period, as defined by the board, shall  
19           result in the suspension or revocation of the firm permit."

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



1           "**§466-9 Disciplinary action.** (a) In addition to any  
2 other actions or conditions authorized by law, in accordance  
3 with chapter 91, the board may take any one or more of the  
4 following actions:

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



1 additional continuing professional education hours as  
2 specified by the board.

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

6 (1) Fraud or deceit in obtaining a license [~~or~~] permit[+],  
7 or practice privilege;

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

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

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

18 (5) Dishonesty, deceit, fraud, or gross negligence in the  
19 practice of public accountancy as a licensee or  
20 individual granted practice privileges, or in the



- 1 filing or failure to file a licensee's or firm's own  
2 income tax returns;
- 3 (6) Violation of any provision of this chapter or of any  
4 rule adopted by the board;
- 5 (7) Violation of any provision of professional conduct  
6 established by the board under this chapter;
- 7 (8) Conviction of any crime an element of which is  
8 dishonesty or fraud, under the laws of the United  
9 States, of this State, or of any other state if the  
10 act involved would have constituted a crime under the  
11 laws of this State;
- 12 (9) Performance of any fraudulent act while holding a  
13 practice privilege, license, or permit issued under  
14 this chapter; or
- 15 (10) Any conduct reflecting adversely upon the licensee's  
16 or permit or privilege holder's fitness to engage in  
17 the practice of public accountancy[-] while a licensee  
18 or individual granted practice privileges under  
19 section 466- .
- 20 (c) Upon application of any person against whom  
21 disciplinary action has been taken under subsection (a), the



1 board, in accordance with chapter 91, may reinstate the person's  
2 license, practice privilege, or permit to practice which was  
3 affected by the disciplinary action.

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

9 (2) Before reinstating, the board may:

10 (A) Require the applicant to show successful  
11 completion of specified continuing professional  
12 education; and

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

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

19 "§466-10 Prohibited acts. (a) Use of title "certified  
20 public accountant":





- 1           (1) Except as otherwise provided in subsection (d) [~~of~~  
2           ~~this section~~], no person shall assume or use the title  
3           or designation "certified public accountant" or the  
4           abbreviation "CPA" or any other title, designation,  
5           words, letters, sign, card, or device likely to be  
6           confused with "certified public accountant" or "CPA"  
7           or tending to indicate that the person is a certified  
8           public accountant, unless the person has a practice  
9           privilege granted pursuant to section 466- or holds  
10          a current license of certified public accountant  
11          issued under this chapter and a current permit to  
12          practice issued under this chapter;
- 13          (2) No partnership or corporation shall assume or use the  
14          title or designation "certified public accountant" or  
15          the abbreviation "CPA" or any other title,  
16          designation, words, letters, abbreviation, sign, card,  
17          or device likely to be confused with "certified public  
18          accountant" or "CPA" or tending to indicate that such  
19          partnership or corporation is composed of certified  
20          public accountants, unless each of the partners of the  
21          partnership who are in the practice of public



1           accountancy in this State[-] and whose principal place  
2           of business is in this State, or each of the  
3           shareholders of the corporation who are in the  
4           practice of public accountancy in this State[-] and  
5           whose principal place of business is in this State,  
6           holds a current license of certified public accountant  
7           issued under this chapter and a current permit to  
8           practice issued under this chapter; and

9           (3) No person shall assume or use the title or designation  
10           "certified public accountant" or the abbreviation  
11           "CPA" or any other title, designation, words, letters,  
12           abbreviation, sign, card, or device likely to be  
13           confused with "certified public accountant" or "CPA",  
14           in conjunction with names indicating or implying that  
15           there is a partnership or corporation, or in  
16           conjunction with the designation "and Company" or "and  
17           Co." or a similar designation if, in any case, there  
18           is in fact no bona fide partnership or corporation  
19           existing under the laws of this State[-] or registered  
20           to do business in this State.

21           (b) Use of title "public accountant":



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



1 current license of public accountant issued under this  
2 chapter and a current permit to practice issued under  
3 this chapter; and

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

15 (c) Representation of special knowledge:

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



1           indicating, suggesting, or implying that the person  
2           has special knowledge in accounting or auditing, to  
3           any opinion or certificate attesting in any way to the  
4           reliability of any representation or estimate in  
5           regard to any person or organization embracing:  
6           (A)   Financial information[7] or attest service; or  
7           (B)   Facts respecting compliance with conditions  
8                    established by law or contract, including but not  
9                    limited to statutes, ordinances, regulations,  
10                   grants, loans, and appropriations,  
11           unless the person holds a current license and a  
12           current permit to practice issued under this  
13           chapter[-]; and  
14       (2)   No person shall sign or affix a partnership or  
15           corporate name with any wording indicating,  
16           suggesting, or implying that it is a partnership or  
17           corporation composed of accountants or auditors or  
18           persons having special knowledge of accounting or  
19           auditing, to any opinion or certificate attesting in  
20           any way to the reliability of any representation or



- 1 estimate in regard to any person or organization  
2 embracing:
- 3 (A) Financial information~~[7]~~; or  
4 (B) Facts respecting compliance with conditions  
5 established by law or contract, including but not  
6 limited to statutes, ordinances, regulations,  
7 grants, loans, and appropriations,  
8 unless each of the partners of the partnership who are  
9 in the practice of public accountancy in this State  
10 and whose principal place of business is in this  
11 State, or each of the shareholders of the corporation  
12 who are in the practice of public accountancy in this  
13 State and whose principal place of business is in this  
14 State holds a current license of certified public  
15 accountant or of public accountant issued under this  
16 chapter and a current permit to practice issued under  
17 this chapter.
- 18 (d) Nothing contained in this chapter shall prohibit any  
19 person:
- 20 (1) Who holds a current license of certified public  
21 accountant issued under this chapter from assuming and



1 using the title and designation "certified public  
2 accountant" or "CPA"; provided that if the person does  
3 not also hold a current permit to practice issued  
4 under this chapter, the person shall clearly indicate  
5 in assuming and using said title that the person does  
6 not hold the person's self out to be in the practice  
7 of public accountancy;

8 (2) Who holds a current license of public accountant  
9 issued under this chapter from assuming and using the  
10 title and designation "public accountant" or "PA";  
11 provided that if the person does not also hold a  
12 current permit to practice issued under this chapter,  
13 the person shall clearly indicate in assuming and  
14 using the title that the person does not hold the  
15 person's self out to be in the practice of public  
16 accountancy;

17 (3) Who holds a temporary practice permit issued under  
18 this chapter from using the title and designation  
19 under which the person is generally known in the  
20 [~~state or~~] country from which the person received a



1 valid comparable certificate, registration, or license  
2 for the practice of public accountancy;

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

11 [~~4~~] (5) Who is not a certified public accountant or  
12 public accountant from serving as an employee of, or  
13 an assistant to, a certified public accountant or  
14 public accountant; provided that the employee or  
15 assistant works under the control and supervision of a  
16 person who holds a current license of certified public  
17 accountant or of public accountant and a current  
18 permit to practice issued under this chapter; and  
19 provided further that the employee or assistant does  
20 not issue any statement or report over the person's  
21 name except office reports to the person's employer as





1 are customary, and that the employee or assistant is  
2 not in any manner held out to the public as a  
3 certified public accountant or public accountant;  
4 [~~(5)~~] (6) Who is an officer, employee, partner, or  
5 principal of any organization from signing or affixing  
6 the person's name to any statement or report in  
7 reference to the affairs of that organization;  
8 provided that in so signing or affixing the person's  
9 name the person shall clearly indicate that the person  
10 is an officer, employee, partner, or principal of the  
11 organization, and the position, title, or office which  
12 the person holds therein;  
13 [~~(6)~~] (7) Who is a public official or public employee from  
14 the performance of the person's duties as such; or  
15 [~~(7)~~] (8) Who is an attorney at law from engaging in  
16 practice as such.  
17 (e) Notwithstanding any law to the contrary, there is no  
18 violation of this section for a firm that does not hold a valid  
19 permit under section 466-7 and does not have an office in this  
20 State to use the title "certified public accountant" or the  
21 abbreviation "CPA" as part of the firm's name to provide



1 professional services in this State and its licensees and  
 2 individuals to provide services on behalf of the firm; provided  
 3 that the firm complies with section 466-7(d)(2) or (3), as  
 4 applicable. An individual or firm authorized under section  
 5 466- to exercise practice privileges in this State shall  
 6 comply with applicable licensee requirements under section  
 7 466- ."

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

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

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

18 (c) [~~Any~~] Except for firms exempt from the permit  
 19 requirement pursuant to section 466-7(d)(2) or (3), any firm  
 20 that begins performing Hawaii attest work after December 31,  
 21 2014, shall:



- 1           (1) Notify the board within thirty days of the beginning  
2           of the performance of attest work;
- 3           (2) Enroll in the applicable programs of an approved  
4           sponsoring organization within one year from its  
5           initial licensing date or the performance of Hawaii  
6           attest work that requires a peer review;
- 7           (3) Provide the board with enrollment information within  
8           one year of the date the Hawaii attest work was first  
9           performed;
- 10          (4) Have a peer review performed within eighteen months of  
11          the date the Hawaii attest work was first performed;
- 12          (5) Adopt the peer review due date assigned by the  
13          sponsoring organization and notify the board of the  
14          peer review due date within thirty days of its  
15          assignment; and
- 16          (6) Schedule and begin an additional review within three  
17          years of the previous review's due date, or earlier if  
18          required by the sponsoring organization or the board;  
19          provided that the firm shall be responsible for  
20          anticipating its needs for peer review services in



1 sufficient time to enable the reviewer to complete the  
2 review by the assigned review due date.

3 (d) A firm that does not perform Hawaii attest work or is  
4 exempt from the permit requirement pursuant to section  
5 466-7(d)(2) or (3) shall be exempt from the peer review  
6 process."

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

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

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

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

19 (1) A peer review report from an approved sponsoring  
20 organization does not include the selection of a  
21 Hawaii office or Hawaii attest engagement;



1           (2) The peer reviewer does not hold permits to practice  
2           public accountancy under section 466-7 or is not  
3           licensed to practice public accountancy in any other  
4           state, except inspectors for the public company  
5           accounting oversight board; or

6           (3) The final report resulting from any inspection by the  
7           public company accounting oversight board firm  
8           inspection program does not include the firm's Hawaii  
9           offices, if any, and Hawaii attest engagements in the  
10          scope of the inspection, and the firm is not required  
11          to enroll in another peer review program under section  
12          466-34."

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

15          "(a) A firm that is required to undergo a peer review  
16          under this chapter and is not exempt from the permit requirement  
17          pursuant to section 466-7(d)(2) or (3) shall engage the services  
18          of a practitioner or firm holding a permit issued under section  
19          466-7 to perform the following procedures to supplement the peer  
20          review report:



- 1 (1) Obtain from the reviewed firm a list of Hawaii attest  
2 engagements included in the scope of the peer review,  
3 in accordance with the American Institute of Certified  
4 Public Accountants standards for performing and  
5 reporting on peer reviews;
- 6 (2) Select one or more engagements from the list of  
7 engagements obtained from the reviewed firm;
- 8 (3) Obtain from the reviewed firm, the reports, financial  
9 statements, work papers, and work product resulting  
10 from the attest engagements selected;
- 11 (4) Read and compare the reports, work papers, and work  
12 product to an appropriate disclosure checklist to  
13 evaluate the firm's compliance with professional  
14 standards; and
- 15 (5) Document all instances of noncompliance with  
16 professional standards detected while performing the  
17 procedures listed in this section."

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



1           "(a) [A] Except for a firm exempt from the permit  
2 requirement pursuant to section 466-7(d)(2) or (3), a firm shall  
3 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 on July 1, 3000.



**Report Title:**

Certified Public Accountants; State Board of Public Accountancy

**Description:**

Establishes procedures and eligibility criteria for a privilege to practice public accountancy in this 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 Board of Accountancy. (HB1109 HD1)

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





## **Testimony of the Board of Public Accountancy**

**Before the  
House Committee on Consumer Protection and Commerce  
Wednesday, February 20, 2019  
2:00 p.m.  
State Capitol, Conference Room 329**

**On the following measure:  
H.B. 1109, H.D. 1, RELATING TO PUBLIC ACCOUNTANCY**

Chair Takumi and Members of the Committee:

My name is Relley Araceley, and I am the Executive Officer of the Board of Public Accountancy (Board). The Board offers comments on this bill, as it has not had an opportunity to review and discuss this bill at a publicly noticed Board meeting. However, the Board voted to oppose H.B. 1109 and similar measures in the past.

The purposes of this bill are to: (1) establish procedures and eligibility criteria for a privilege to practice public accountancy in this State for public accountants and certified public accountants licensed in another state with comparable education, examination, and experience requirements; and (2) subjects all holders of a privilege to practice to the regulatory and enforcement jurisdiction of the Board of Accountancy.

During its January 2018 meeting, the Board discussed its concerns with S.B. 2059 and H.B. 1870, both of which were introduced during the 2018 Legislative Session and are identical to the current version of this measure. One of the Board's remaining concerns is that H.B. 1109, H.D. 1 permits an individual who has been granted practice privileges under this section to practice without an accountancy firm that has a permit issued under Hawaii Revised Statutes section 466-7(d), as long as the individual does not perform a financial statement audit, an examination of prospective financial information, or an engagement performed in accordance with the Public Company Accounting Oversight Board's auditing standards. In these situations, no firm would have a Hawaii firm permit-to-practice to serve as a "safety net" to protect Hawaii consumers.

The Board has also noted concerns with the absence of requirements to notify consumers that the work requiring a Hawaii license is being performed by an individual exercising a "practice privilege" in the State without first being licensed by the Board.

Testimony of the Board of Public Accountancy

H.B. 1109, H.D. 1

Page 2 of 2

The Board's primary charge is to protect the consumers and public with respect to the practice of public accounting in Hawaii by certified public accountants. The Board believes that the merits of this bill should be judged with this purpose in mind.

Thank you for the opportunity to testify on this bill.

# IN STRONG SUPPORT OF HB 1109, HD1

February 18, 2019

Dear Chair Takumi, Vice Chair Ichiyama, and Committee Members:

I am Edmund Nakano, CPA since 1974, currently employed in Business and Industry and president-elect of the board of directors of the Hawaii Society of CPAs (HSCPA), the only professional CPA association in Hawaii serving members in business & industry, public practice, government and academia. For over a decade, the HSCPA, its Board of Directors and the vast majority of its 1,500 members have supported CPA mobility.

Mobility is important to Hawaii consumers and Hawaii CPAs because of the increasing need to attract businesses, create and maintain employment and enable small businesses to prosper.

Implementation of a uniform CPA mobility provision would allow Hawaii consumers to receive timely services from the CPA best suited to the project, regardless of the CPA's location, without the hindrances of unnecessary filings, forms and increased costs that do not protect the public interest. Businesses today are often located in multiple states and have compliance responsibilities in multiple jurisdictions, and a uniform process will give CPAs the flexibility to better serve clients in Hawaii. This measure is a jurisdictional benefit for Hawaii regulators and is a concern now that the regulators do not have the capability to levy fines and penalties on an out-of-state CPA who may be practicing improperly.

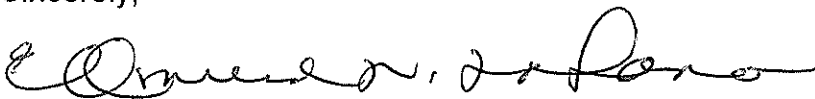
Under current Hawaii law, if a Hawaii consumer is relying on an out-of-state CPA and receives bad advice, the Hawaii Board of Accountancy has no jurisdiction over that out-of-state CPA. The Hawaii Board has to request the out-of-state authorities to take some sort of action. **Under HB 1109, HD1 bill, the Hawaii Board would have direct disciplinary power over that out-of-state CPA.**

Most consumers do not utilize the services of a large CPA firm but deal with small practitioners and they receive the same rights and privileges of someone who uses a big firm.

The reality is that there are consumers and businesses in Hawaii who want to use the best-qualified CPA regardless of where he or she has their office. In addition, HB 1109 will also permit local CPAs who want to utilize these subject-matter out-of-state experts to perform the best specialized services for their clients.

I humbly ask for your support of House Bill No. 1109.

Sincerely,



Edmund N. Nakano  
98-709 Nohoaupuni Place  
Aiea, HI 96701

N I W A O  
&  
R O B E R T S

*Certified Public Accountants, A Professional Corporation*

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**Committee on Consumer Protection & Commerce**

**Wednesday, February 20, 2019 at 2:00 p.m.  
Conference Room 329  
State Capitol**

**Re: Opposition to HB 1109, HD 1 Relating to Public Accountancy**

Chair Takumi, Vice Chair Ichiyama, and Committee Members:

I am a certified public accountant and a principal with the firm of Niwao & Roberts, CPAs, a P. C. on Maui. I am also a member of the State of Hawaii Board of Public Accountancy (Board) and a member of the Enforcement Resources Committee of the National Association of State Boards of Accountancy (NASBA). My testimony in strong opposition to HB 1109, HD1 is submitted solely in my capacities as a CPA and as a principal of a Hawaii-based CPA firm and not as a representative of either the Board or NASBA.

**NOT ONE MORE HAWAII JOB LOST TO OUTSOURCING.  
NOT ONE MORE TAX DOLLAR UNPAID BY OUT-OF-STATE CPAS.  
NOT ONE MORE LICENSING FEE DOLLAR LOST.**

**Hawaii can ill afford to lose one more job to outsourcing, yet this is exactly what will happen if HB 1109, HD 1 is passed.**

By exempting mainland and foreign CPAs from the Hawaii licensing fee and notice requirements facing Hawaii-based CPAs and their firms, mainland and foreign CPAs will be able to avoid the higher cost of Hawaii's office rents and mandated employee benefits. Occupancy costs and payroll/benefits are the two largest costs for a Hawaii-based CPA firm. HB 1109, HD1 will create an uneven playing field rewarding mainland and foreign-based firms for basing their employees outside of Hawaii.

**CAPITAL AND LABOR ARE FLUID.**

In order to mitigate the competitive price advantage HB 1109, HD1 will give to mainland and foreign CPAs and their firms, Hawaii-based firms will be forced to shift their own operations and staffing to outside of Hawaii in order to compete in the Hawaii market. For example, my firm does not outsource its work to the mainland or to foreign countries as a matter of policy even though we presently have the technology in place to do so at substantial cost savings. If HB 1109, HD1 passes, we will be forced to pursue contingency plans for this scenario, starting with opening an office outside of Hawaii and replacing future hires with significantly less expensive employees based elsewhere.

The ripple effect of Hawaii-based firms shifting work to the mainland and foreign countries will be significant. Office occupancy rates will fall, Hawaii contractors will have less work making periodic leasehold improvements, less payroll taxes and GET will be due to Hawaii's Department of Taxation and, of course, some future graduates from Hawaii's colleges and universities will have to seek employment elsewhere. In fact, it might become difficult to justify maintaining schools of accountancy at local colleges and universities after HB 1109, HD 1 pulls the plug on local demand for their graduates.

**Hawaii can ill afford to lose one more tax dollar, yet this is exactly what will happen if HB 1109, HD 1 is passed.**

In 2010 the Hawaii Association of Public Accountants (HAPA) study on CPA Temporary Permits to Practice revealed that approximately 70% of outside CPA firms whose owners and/or employees obtained a temporary permit to practice in Hawaii did not obtain Hawaii General Excise Tax (GET) license numbers.<sup>1</sup> (These firms only obtained GET license numbers sometime later after they were warned of their noncompliance.) Therefore, those out-of-state CPA firms were not paying their share of Hawaii taxes. As documented in HAPA's follow-up study conducted in 2015, tax compliance rates for out-of-state CPA firms licensed in Hawaii skyrocketed once the Hawaii Board of Public Accountancy implemented procedures forcing these out-of-state firms to obtain and provide their GET numbers as part of the application process.<sup>2</sup> In other words:

**Notice = Tax Compliance.**

No similar studies have been conducted in any other state to my knowledge. The combination of the State of Hawaii's public database for GET licenses combined with its Office of Information Practices law made it possible for HAPA to obtain and compare information from different Hawaii databases to perform the two studies. These unique circumstances may not exist in other states, so it is impossible to evaluate changes in tax compliance in other states resulting from their "No Notice, No Fees" legislation.

However, the results of the HAPA Studies are painfully similar to what was discovered in research performed as part of the *(Dis)Honesty Project – The Truth About Lies*, conducted by Duke University professor Dan Ariely, a behavioral economist and psychologist. The *(Dis)Honesty Project* found that the majority of the time people cheat and lie unless they perceive that someone is watching over them – including CPAs apparently. This is why "No Notice, No Fees" is so dangerous from the perspective of tax compliance. Notice establishes internal controls and the audit trail needed to make sure that out-of-state CPAs and their firms pay their fair share of Hawaii taxes. HB 1109, HD 1 will remove the audit trail by eliminating notice, reducing tax compliance and again giving mainland and foreign CPAs and their firms a competitive advantage in the Hawaii market for CPA services.

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<sup>1</sup> HAPA Study #1 is available at: <http://hawaiiassociationofpublicaccountants.com/hapa-study-1/> .

<sup>2</sup> HAPA Study #2 is available at: <http://hawaiiassociationofpublicaccountants.com/wp-content/uploads/2015/03/Hapa-study-2-page1.png>

**Hawaii can ill afford to lose one more dollar of licensing fee revenues, yet this is exactly what will happen if HB 1109, HD 1 is passed.**

According to the State of Hawaii *Geographic Report* (Current Licenses) as of July 17, 2018, prepared by the Department of Commerce and Consumer Affairs (DCCA) Professional and Vocational Licensing Division, there are 732 mainland-based and 23 foreign-based CPAs licensed in Hawaii.<sup>3</sup> That means that 25% of all regular Hawaii CPA license holders are based outside of Hawaii. At licensing and permit fee rates in effect, this pencils out that individual CPAs based outside of Hawaii appear to have paid well over \$200,000 in CPA license and permit fees for the two-year renewal cycle. Similarly, the *Geographic Report* shows 174 mainland and foreign-based CPA firms held Hawaii firm permits to practice. That is over 18% of all CPA firms licensed to practice in Hawaii, also representing significant licensing/permit fee revenue to the State. The above fee estimates do not include the dollars collected from individual out-of-state CPAs receiving temporary permits to practice in Hawaii.

HB 1109, HD 1 will waive licensing fees for these mainland and foreign-based CPAs and their firms. Yet the cost of enforcement actions against mainland and foreign-based practitioners will not go away. HB 1109, HD 1 will just shift the cost of funding any enforcement actions against mainland and foreign-based practitioners to Hawaii-based CPAs and their firms.

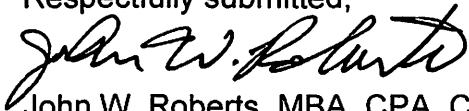
**PERSONAL COMMENT**

The preamble to HB 1109, HD1 implies that Hawaii's consumers suffer from a lack of access to the superior technical competencies held by mainland and foreign-based CPAs and their firms. Personally, I find this unsupported assertion to be outrageously offensive. Nonetheless, when the DCCA's latest *Geographic Report* data is viewed in aggregate, it is clear from the percentages that Hawaii consumers already have ample access to mainland and foreign CPAs.

There are numerous other problems with HB 1109, HD 1 undermining consumer protection in Hawaii and providing preferential treatment to out-of-state CPAs and their firms - too many to present in any readily readable written testimony. Should any members of this Committee wish to discuss them, I am available to respond to your questions at your convenience.

**In closing, I urge this Committee to vote no to HB 1109, HD 1 for the above reasons.**

Respectfully submitted,



John W. Roberts, MBA, CPA, CGMA

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<sup>3</sup> DCCA PVL Geographic Report as of July 17, 2018 is available at [https://cca.hawaii.gov/pvl/files/2018/07/WebGeo\\_071718.pdf](https://cca.hawaii.gov/pvl/files/2018/07/WebGeo_071718.pdf)



## Taketa, Iwata, Hara & Associates, LLC

Certified Public Accountants & Consultants  
101 Aupuni Street, Suite 139  
Hilo, Hawaii 96720-4265

### Committee on Consumer Protection & Commerce

Tuesday, February 19, 2019

Conference Room 329

State Capital

### Re: Strong Opposition to HB1109 HD1 Related to Public Accountancy

Chair Takumi, Vice Chair Ichiyama and Committee Members:

My name is Nathan A. Colgrove, a member of the firm, Taketa, Iwata, Hara & Associates, LLC in Hilo, on the Island of Hawaii. Taketa, Iwata, Hara & Associates, LLC has been practicing since 1983. We are one of the larger, if not the largest, outer island CPA firms in Hawaii. The work we do provides a service to our community, and supports families on the Island of Hawaii. We strongly oppose HB1109 HD1.

- NO TO OUTSOURCING OF HAWAII JOBS.
- NO TO LOSS OF TAX REVENUE.
- NO TO LOSS OF LICENSING FEES.

More specifically our objections to HB1109 HD1 are outlined below:

We only support out-of-state CPAs temporary practice in Hawaii with notice and fees, and meeting Hawaii's higher CPA licensing standards. Hawaii already has temporary permits available for out of state CPAs. Out-of-state CPAs can also obtain Hawaii CPA licenses.

HB1109 HD1 removes the requirement for out-of-state CPA firms doing business in Hawaii to provide their Hawaii General Excise Tax license numbers, yet in-state Hawaii CPAs will be required to do this. This will result in a loss of tax revenue for the state. A study done by Hawaii Association of Public Accountants has shown lack of knowledge and/or compliance by out of state CPAs with general excise tax laws. HB1109 HD1 would exacerbate this problem, placing a larger burden on Hawaii residents.

HB1109 HD1 will provide for less consumer protection for consumers. Loss of fees resulting from the no notice no fees provisions in HB1109 HD1 would result in less fees to fund enforcement of the rules by the Hawaii Board of Accountancy, due to the lack of temporary permit applications, and those dropping their Hawaii CPA licenses for those states requiring standards lower than Hawaii.

HB1109 HD1 eliminates CPA firm permits for out-of-state CPA firms for 120 days in providing tax, consulting, and compilation and review of financial statement work. These fees are required to subject the firms to Hawaii peer review laws, which in turn protects Hawaii consumers. In addition, without notice, there is not a way to enforce the 120 per year provision without there being notice.

Hawaii Jobs will be outsourced out of Hawaii as a result of HB1109 HD1. HB1109 HD1 will allow out-of-state and foreign CPAs having qualified under lower CPA licensing standards take away jobs from Hawaii

**Gregg M. Taketa, CPA • Brian M. Iwata, CPA**

Tel (808) 935-5404 Fax (808) 969-1499 E-mail: info@tihcpa.com Website: www.tihcpa.com

CPAs. This is unfair to Hawaii CPAs. The younger generation will lose out on jobs in Hawaii. Hawaii CPA licensing standards are higher compared to most other states to protect the public.

There is a misnomer in this bill in that it leads one to believe other states with CPA mobility offer the same reciprocity as stated in this bill. This is false. Many states are increasingly imposing tax preparer registration requirements limiting out of state CPAs from providing tax preparation and tax consulting services in those states. In California for instance, California out-of-state tax preparers must register with California's CTEC in order to prepare California tax returns while temporarily in California. Hawaii does not have a similar requirement. Hawaii should not make an exception for 120 days for tax preparation done while temporarily in Hawaii, meanwhile Hawaii tax preparers be subject to more requirements when preparing tax returns while temporarily in other states.

Under the provisions in HB1109 HD1 out of state CPA firms would be allowed to be owned by non-CPAs, while Hawaii CPA firms would remain being required 100% ownership by CPAs. This is misleading for Hawaii consumers.

HB1109 HD1 adopts an evergreen model act (Uniform Accountancy Act) as statutory authority for automatic change to Hawaii's laws every time the AICPA (a private trade organization) and NASBA (another private organization) decide to change model act provisions. No other states have entirely adopted the Uniform Accountancy Act. The AICPA is influenced by large international CPA firms, and accountants who do not practice public accounting.

HB1109 HD1 benefits primarily large international CPA firms.

**Please protect Hawaii's jobs, taxes and fee revenues, and protect Hawaii's consumers by voting NO to HB 1109 HD1 for the above reasons. We ask you support us in allowing us to practice in Hawaii on the same playing as out of state CPAs. Vote NO on HB 1109 HD1.**

Please do not hesitate to contact us with any questions or concerns.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Nathan A. Colgrove". The signature is fluid and cursive.

Nathan A. Colgrove, Member





**Levin & Tabon, LLP**  
Certified Public Accountants  
140 Ho'ohana Street, Suite 210  
Kahului, HI 96732  
(808) 270-1070

February 19, 2019

Lani Stout  
Office Manager for Levin & Tabon CPAs

## **Committee on Consumer Protection & Commerce**

**Wednesday, February 20, 2019 at 2:00 p.m.**  
**Conference Room 329**  
**State Capitol**

### **Re: Opposition to HB1109, HD1 Relating to Public Accountancy**

Chair Takumi, Vice Chair Ichiyama, and Members:

I am the Office Manager for Levin & Tabon CPAs who are public accountants on the island of Maui. I have been in the accounting field for 9 years and before then I spent almost 30 years in the legal field here in Hawaii and on the Mainland. My boss, Douglas Levin CPA has given me permission to give my testimony regarding HB1109 on our Company's letterhead.

I oppose HB1109, HD1, which provides for "No Notice, No Fees" CPA mobility for out-of-state and foreign CPAs practicing in Hawaii.

Passing it would:

- Reduce the number of Hawaii accounting jobs available for the younger generation of Hawaii accountants. Every year students of University of Hawaii are graduating with degrees in Accounting to one day become a CPA for the State of Hawaii. This will greatly affect the dreams and hopes of the young people of Hawaii and our future generation of Hawaii accountants and cause them to look beyond these islands in order to fulfill their future dreams.
- Allow out of state and foreign CPAs to practice in Hawaii without a license and permit and thus cause them not to be held to the same high standards that the Board of Accountancy currently requires Hawaii CPAs to follow and to be accountable to.

This would in turn would lessen the protection of Hawaii consumers and lessen the people of Hawaii's confidence in the current CPA firms that do hold their practice to the standards that is required by the Board of Accountancy.



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- Affect my CPA firm and my bosses who have spent years building their practice, years building their client relationships and years of networking with other local CPAs in order to develop a high standard of work product and integrity that our clients rely on.

Finally, I do have concern about my job and the jobs of the employees of our firm if outsiders are allowed to come in and inaccurately represent this field of work and use their own employees to do the work we currently do for our clients.

**Please protect Hawaii's jobs, taxes and fee revenues, and protect Hawaii's consumers by voting NO to HB1109, HD1 for the above and many more reasons.**

Respectfully submitted,

Lani Stout  
Office Manager  
Levin & Tabon LLP



1748 WILI PA LOOP  
WAILUKU, HAWAII 96793  
(808) 242-9100 MAIN  
(808) 244-1375 FAX

TO: Committee on Consumer Protection & Commerce

Wednesday, February 20, 2019 at 2:00 p.m.  
Conference Room 329  
State Capitol

**Re: Opposition to HB1109, HD1 Relating to Public Accountancy**

Chair Takumi, Vice Chair Ichiyama, and Members:

Thank you for this opportunity to testify in opposition to HB 1109, HD1. My name is Ross Fusato and I am the owner of Fusato CPA Inc., firm in the practice of public accounting on the island of Maui. I have a staff that includes 4 other CPAs that are hard-working and committed contributors to our society here in Hawaii. We have a combined total of over 100 years of service to the people of our great state and truly want the best for our clients.

I strongly oppose HB1109, HD1 which provides for “No Notice, No fees” CPA mobility for out-of-state and foreign CPAs practicing in Hawaii.

While HB1109, HD1 will certainly help the bottom line of the large international firms, it will do so at the expense of the smaller local Hawaii CPAs. Firms such as ours provide so many jobs and opportunities for permanent residents and younger professionals that want to return to Hawaii to work and raise their families. Passing HB1109, HD1 will result in the export of professional jobs, reduce the opportunities for our residents and increase the brain drain that plagues Hawaii.

HB1109, HD1 will also significantly reduce the protections for the people of Hawaii. We have laws to protect the people. Reducing these protections would be antithetical to the purpose of having laws in the first place.

I strongly urge you to protect the current and future residents of Hawaii and vote no to HB1109, HD1.

Respectfully submitted,

Ross Fusato, CPA  
Fusato CPA Inc.



## HAWAII ASSOCIATION OF PUBLIC ACCOUNTANTS

Organized August 7, 1943  
P.O. BOX 61043  
HONOLULU, HAWAII 96839



### Committee on Consumer Protection & Commerce

Wednesday, February 20, 2019 at 2:00 p.m.  
Conference Room 329  
State Capitol

#### Re: Strong Opposition to HB1109, HD1 Relating to Public Accountancy

##### Chair Takumi, Vice Chair Ichiyama, and Committee Members:

The Hawaii Association of Public Accountants (HAPA) is the only statewide public accounting organization with chapters on Oahu, Maui, Big Island, and Kauai. It has approximately 650 members, consisting primarily of small to mid-sized CPA firm owners and employees. The Hawaii consumer relies heavily upon our members to provide financial, tax, and consulting services for their businesses and personal affairs.

HB1109, HD1 provides for “No Notice and No Fees” CPA practice privileges for out-of-state and foreign CPAs and grants them the right to practice public accountancy in Hawaii without obtaining a temporary permit to practice, without providing notice, and without paying any Hawaii license fees. By focusing primarily on only audit services provided by out-of-state CPAs, it ignores the regulation of tax and consulting practitioners and those performing other types of CPA financial services by eliminating the need for them to obtain individual CPA permits and CPA firm permits plus provide their Hawaii General Excise Tax (GET) license number. Currently, the CPA firm application form requests the GET license number for all CPA firms practicing in Hawaii.

**HB1109, HD1 is about outsourcing Hawaii’s CPA services to out-of-state and foreign CPAs, allowing lesser qualified out-of-state CPAs the ability to practice in taxes and consulting while physically in Hawaii temporarily for 120 days, without collecting license fees and taxes from them, and without knowing who they are and whether they are qualified to hold out as CPAs in Hawaii. In the area of taxation and consulting, Hawaii lawyers can perform similar tax and consulting work as CPAs, but out-of-state attorneys cannot freely practice in Hawaii with similar “no notice” practice privileges. Instead, they may make a *pro hac vice* appearance with the permission of the presiding Hawaii judge, or they may associate with a licensed Hawaii attorney in arbitration hearings.**

HAPA is not against out-of-state CPAs practicing temporarily in Hawaii if a limited need arises, and is receptive to expedited individual CPA mobility on a temporary basis for out-of-state CPAs, but with notice and fees and meeting Hawaii’s higher CPA licensing standards. Hawaii already has temporary permits available for out-of-state CPAs. Out-of-state CPAs can also obtain Hawaii CPA licenses.

HB1109, HD1 only deals with out-of-state or foreign CPAs practicing in Hawaii and does not deal with the rights of Hawaii CPAs to practice in other states or countries. In other words, this is not about CPA reciprocity. HB1109, HD1 benefits primarily the large international CPA firms who have set up regional and international offices (such as in India).

What other Hawaii licensed professions allow similar practice rights without obtaining a Hawaii license or temporary permit? Is this protecting Hawaii's consumers?

### **Hawaii tax collections will be significantly reduced with HB1109, HD1**

HB1109, HD1 will result in a significant loss of state tax revenue when casual tourist CPAs decide they want to write-off their vacation trips to Hawaii and perform CPA services in Hawaii for Hawaii consumers. The Hawaii consumer expects that CPAs practicing in Hawaii will be competent, independent, objective, and knowledgeable about Hawaii tax and business laws.

Unfortunately, prior HAPA studies have demonstrated that approximately 70% of out-of-state CPAs who obtained temporary permits worked for firms that did not comply with Hawaii tax laws and pay Hawaii taxes.<sup>1</sup> To help remedy the situation, the Hawaii State Tax Director at the time requested that the Board of Public Accountancy add a requirement that Hawaii GET license numbers be required of all CPA firms practicing in Hawaii. This requirement was added as a minimalist way to inform out-of-state CPA practitioners that Hawaii had a Hawaii General Excise tax law where taxes are due on service income and other types of business income.<sup>2</sup> Unfortunately, HB1109, HD1 eliminates many, if not most, firm permits and the Hawaii GET license numbers that are currently required for all out-of-state and foreign CPA firms.

An out-of-state or foreign CPA temporarily practicing in Hawaii would not be familiar with Hawaii's GET tax, as evidenced by so many cases where HAPA practitioners have observed a failure by out-of-state CPA practitioners to advise owners of Hawaii rental properties on the need to pay Hawaii General Excise taxes, Transient Accommodation taxes, and Hawaii income taxes. This loss of state tax revenue places a heavier burden on Hawaii residents to pay higher state taxes to meet Hawaii's needs, and Hawaii cannot afford to have uninformed tax practitioners who are here practicing and advising Hawaii consumers about Hawaii laws on a temporary basis.

### **Hawaii license fees will be significantly reduced with HB1109, HD1**

According to the Department of Commerce and Consumer Affairs records as of July 17, 2018, Hawaii already has 755 out-of-state and foreign-based practitioners out of a total of 3,002 CPAs (i.e., over 25% of Hawaii CPA licensees are not residents of Hawaii). Hawaii would lose a significant amount of license fee revenue. Who would make up the costs for enforcement for out-of-state and foreign CPAs?

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<sup>1</sup> See HAPA Studies #1 and #2 at HAPA website at <http://hawaiiasociationofpublicaccountants.com/>

<sup>2</sup> In comparison, virtually all other states have retail sales taxes on personal property and do not tax service or rental income.

## **Hawaii jobs will be lost with HB1109, HD1**

It is obvious that Hawaii jobs will be lost to mainland and foreign CPAs who will be able to practice in Hawaii without a Hawaii CPA license and permit to practice if they can practice in Hawaii with “no notice and no fees”.

With the loss of Hawaii jobs, what would happen to accounting jobs for the younger generation of Hawaii accountants and the students who are looking for Hawaii jobs? If accounting jobs are out-sourced to out-of-state and foreign CPAs, the younger generation will be forced to move to the mainland to look for jobs.

## **Hawaii Consumers will be hurt with HB1109, HD1**

Hawaii consumers will be hurt with practitioners who are unfamiliar with Hawaii laws, including tax laws. Hawaii already has sufficient expertise to serve Hawaii consumers, and there are over 25% of Hawaii-licensed CPAs who are based on the mainland or in foreign countries. Anyone wishing to practice public accounting in Hawaii can obtain a temporary Hawaii permit to practice or a Hawaii CPA license and permit.

Without notice and fees, it will be difficult if not practically impossible to attempt to sanction out-of-state or foreign CPAs. Who will pick up the costs for enforcement for someone who lives in a foreign country? What happens to those out-of-state Boards of Accountancy who have stated they have no funds to pursue enforcement action against their own licensees? The Hawaii Board of Public Accountancy cannot remove a license or permit from someone who doesn't have a Hawaii CPA license or permit.

HB1109, HD1 will also reduce the Board's current control of 755 out-of-state and foreign-based CPAs who are currently licensed in Hawaii because most will no longer need Hawaii CPA licenses and permits.

## **Hawaii-licensed CPAs cannot practice freely with other states' CPA mobility laws, and the term is misleading**

Due to the complexity of different CPA mobility laws in all the states, it is misleading to think that Hawaii CPAs can practice freely as CPAs in other states since they have adopted CPA mobility laws. For example, for CPAs practicing in taxes, although California has technically qualified as a “CPA Mobility” state, Hawaii CPAs cannot physically set foot in California and prepare tax returns or provide tax consulting advice while in California temporarily. Instead, they must register under California's tax preparer registration law (CTEC), which does not exempt out-of-state CPAs and attorneys. To first qualify as a California CTEC tax professional, Hawaii CPAs must 1) complete 60 hours (45 hours federal, 15 hours California) of qualifying tax education from a CTEC approved provider, purchase a \$5,000 tax preparer bond, and pay a registration fee.<sup>3</sup> Otherwise, the Hawaii CPA must obtain a California CPA license. In addition, California also requires out-of-state CPA firm registration.

The number of states adopting state tax preparer registration laws has been increasing as states seek to have more competent tax practitioners in their states. This has led to increased tax compliance in states such as Oregon, California, Maryland, and New York.

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<sup>3</sup> See <https://www.ctec.org/tax-professionals/what-is-crtp>

## **HB1109, HD1 will allow foreign CPAs to practice in Hawaii with interstate “No Notice, No Fees” mobility laws**

The “no notice, no fees” CPA mobility concept contained in recent versions of the Uniform Accountancy Act (UAA) is a framework for **international mobility** (outsourcing) of accountants, not just interstate mobility. Currently foreign accountants living abroad are allowed to obtain state CPA licenses from certain states, such as Delaware, California, and Washington State, among others. With state CPA licenses obtained from these other states, foreign accountants then would be able to practice in states that have adopted “No Notice, No Fees” CPA mobility legislation, as proposed in HB 1109, HD1. In addition, the National Association of State Boards of Accountancy (NASBA) has deemed certain foreign accountants “substantially equivalent” to U.S. CPAs even though they have not met U.S. state licensing requirements, such as passing the U.S. CPA exam.

In Hawaii, there is a legal question as to whether the “No Notice, No Fees” CPA mobility legislation of HB1109, HD1 could circumvent Hawaii’s licensing laws by allowing “practice privileges” to foreign accountants without work permits in violation of HRS §436B-10 (b) (2), which provision applies to all Hawaii licensees.

## **HB1109, HD1 allows non-CPA firm ownership by out-of-state CPA firms**

HB1109, HD1 allows out-of-state CPA firms to be owned by non-CPAs while Hawaii CPA firms must be owned 100% by CPAs – a practice that would be misleading, confusing, and dangerous to Hawaii’s public.

## **HB1109, HD1 delegates legislative authority to two private organizations without legislative oversight and allows those with lower “substantially equivalent” CPA licensing standards to practice in Hawaii**

HB1109, HD1 adds an “evergreen” model act (Uniform Accountancy Act) to be used as the statutory authority for automatic change to Hawaii’s laws every time the AICPA (a private trade organization) and NASBA (another private organization) decide to change model act provisions. No state currently has adopted all of the provisions of the UAA as this is a model act with suggested language in its eighth edition, and it would be dangerous to delegate Hawaii statutory authority to out-of-state private institutions, largely controlled by the large international CPA firms and accountants who do not practice public accounting.

HB1109, HD1 requires lower UAA “substantially equivalent” licensing standards for out-of-state CPAs (which require only one year of “any kind” of experience) while Hawaii CPAs achieve higher licensing standards of two years of public accounting experience or its equivalent.

Hawaii has traditionally kept higher CPA licensing standards than other states for the protection of Hawaii’s public. Some states have even allowed individuals to become CPAs although they did not pass the Uniform CPA Examination, which is required for Hawaii CPA licensees.

**Please protect Hawaii's jobs, taxes and fee revenues, and protect Hawaii's consumers by voting NO to HB1109, HD1 for the above and many more reasons. The members of the Hawaii Association of Public Accountants ask that they be allowed to practice in Hawaii on the same playing field as out-of-state CPAs.**

Please do not hesitate to contact us with any questions or concerns. Thank you for considering the above.

Respectfully submitted,

*Marilyn M. Niwao, M.S.P.H., J.D., CPA, CGMA, Legislative Committee Chair, Hawaii Association of Public Accountants, (telephone (808) 242-4600, ext. 224), [niwao@mauicpa.com](mailto:niwao@mauicpa.com), and,*

*Brian M. Iwata, CPA, President, Hawaii Association of Public Accountants (telephone (808) 935-5404), [www.brian@tihcpa.com](http://www.brian@tihcpa.com)*



106 Central Avenue  
Wailuku, Hawaii 96793  
808-986-0737  
FAX 808-986-0298

**Deborah Daniells &  
Associates, CPAs, Inc.**

# Fax

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To: \_\_\_\_\_ From: Deborah Daniells

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Company: Committee on Consumer Protection Pages: 4 (including this page)

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FAX: 800 535-3859 Date: February 19, 2019

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Re: Opposition to HB1109 CC: \_\_\_\_\_

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# Deborah Daniells & Associates, CPAs, JNC.

Certified Public Accountants

106 Central Avenue  
Wailuku, Hawaii 96793

Committee on Consumer Protection & Commerce

Wednesday, February 20, 2019 at 2:00 p.m.

Conference Room 329

State Capitol

Re: Opposition to HB1109, HD1 Relating to Public Accountancy

Chair Takumi, Vice Chair Ichiyama, and Members:

I am a Certified Public Accountant and practice public accounting on Maui. I am the owner and the President of Deborah Daniells & Associates, CPA's Inc.

I strongly oppose HB1109, HD1 which provides for "No Notice, No fees" CPA mobility for out-of-state and foreign CPAs practicing in Hawaii.

**NOT ONE MORE HAWAII JOB LOST TO OUTSOURCING.  
NOT ONE MORE TAX DOLLAR UNPAID BY OUT-OF-STATE CPAS.  
NOT ONE MORE LICENSING FEE DOLLAR LOST.**

Passing HB1109, HD1 will result in:

- exporting of local jobs to the mainland and overseas, and reducing the number of Hawaii accounting jobs available for the younger generation of Hawaii accountants;
- less consumer protection for Hawaii businesses and individuals by allowing out-of-state and foreign CPAs to practice in Hawaii without a Hawaii license or permit;
- elimination of Hawaii CPA firm permits for out-of-state CPA firms providing tax, consulting, compilation and review of financial statements work, and removes requirement that all out-of-state CPA firms doing business in Hawaii must provide their Hawaii General Excise Tax (GET) license numbers, which is currently required for in-state Hawaii CPA firms. This requirement was instituted after a HAPA study found that over 70% of out-of-state CPA temporary permit holders worked for firms who failed to obtain Hawaii GET license numbers which are required to pay Hawaii taxes;



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- elimination of Hawaii CPA firm permits for out-of-state CPA firms, which is needed to subject these firms to Hawaii's peer review laws for the protection of Hawaii's consumers;
- reduction of Board control of out-of-state and foreign CPAs who are currently licensed in Hawaii because they will no longer need Hawaii licenses and permits.

(According to the DCCA's report 755, or over 25%, of the total 3,002 Hawaii CPA licensees in 2018 are from the mainland or foreign countries);

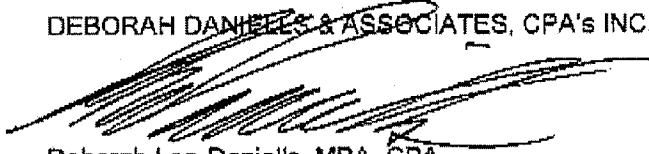
- loss of approximately \$270,000 in Hawaii individual licensing fees plus firm permit fees ranging from \$121 to \$345 per firm every two years;
- allowing out-of-state CPA firms to be owned by non-CPAs while Hawaii CPA firms must be owned 100% by CPAs – a practice that would be misleading, confusing, and dangerous to Hawaii's public. All out-of-state CPA firms registered in Hawaii should follow the same Hawaii laws applicable to in-state CPA firms;
- allowing out-of-state CPA practitioners to practice in taxes while in Hawaii and advertise in Hawaii even though states such as California do not allow Hawaii CPAs to prepare tax returns while temporarily in California unless they register under California's tax preparer registration law, CTEC (which does not exempt out-of-state CPAs and attorneys). Hawaii does not have a similar tax preparer registration law. If Hawaii CPAs cannot perform tax services while physically present temporarily in California unless they register under CTEC, then why should Hawaii allow out-of-state CPAs the right to practice in taxes temporarily in Hawaii for 120 days? See California tax preparer registration requirements at <https://www.ctec.org/tax-professionals/what-is-crtp>
- adding an "evergreen" model act (Uniform Accountancy Act) to be used as the statutory authority for automatic change to Hawaii's laws every time the AICPA (a private trade organization) and NASBA (another private organization) decide to change model act provisions. No state currently has adopted all of the provisions of the UAA as this is a model act with suggested language in its eighth edition, and it would be dangerous to delegate Hawaii statutory authority to out-of-state private institutions, largely controlled by the large international CPA firms and accountants who do not practice public accounting,
- allowing out-of-state CPAs with lower licensing standards to practice in Hawaii since the UAA "substantially equivalent" licensing standards would be followed, while Hawaii CPAs must achieve higher licensing standards of two years of public accounting experience or its

equivalent to obtain the Hawaii CPA license.

**Please protect Hawaii's jobs, taxes and fee revenues, and protect Hawaii's consumers by voting NO to HB1109, HD1 for the above and many more reasons.**

Respectfully submitted,

DEBORAH DANIELLS & ASSOCIATES, CPA's INC.



Deborah Lee-Daniells, MBA, CPA

TO: Chair Takumi, Vice Chair Ichiyama, and Committee Members:

FROM: Adrian Hong, President of Island Plastic Bags, Inc.

RE: HB 1109 HD1 RELATING TO PUBLIC ACCOUNTING

POSITION: STRONGLY SUPPORT

Thank you for the opportunity to submit testimony in support of HB 1109 HD1. My name is Adrian Hong and I am president of Island Plastic Bags Inc., a second-generation, family business in Halawa Valley. As a CPA (not in public practice) and an owner of a local business I think it is important that Hawaii allow for CPA mobility.

Mobility would allow my company to bring in experts on valuation of manufacturing businesses should I choose to sell my business. Mobility would allow us to bring in experts on manufacturing to audit my business should my bank ever require it. Without mobility it would be very difficult to find a Hawaii firm with the necessary expertise in manufacturing, especially plastic manufacturing, to help provide the services we need as there is very little in the way of manufacturing in Hawaii.

Mobility provides companies and organizations (ex. not-for-profits) the ability to use the services of professionals with expertise in industries and transactions that are not normally found on Hawaii. That is why CPA mobility should be allowed. Thank you for the opportunity to testify. I humbly ask for your support of HB 1109 HD1.

Sincerely,

Adrian K. Hong, CPA\*

President

Island Plastic Bags, Inc.

[www.islandplasticbags.com](http://www.islandplasticbags.com)

Email: [ahong@islandplasticbags.com](mailto:ahong@islandplasticbags.com) | Phone: 808-484-4046 | Fax: 808-488-8505

\*Not in public practice

Bookkeeping and Payroll Services  
Financial Statements  
Small Business Consulting  
Tax Preparation and Planning

Patrick L. Ing

C P A

## Committee on Consumer Protection & Commerce

Wednesday, February 20, 2019 at 2:00 p.m.  
Conference Room 329  
State Capitol

### Re: Opposition to HB1109, HD1 Relating to Public Accountancy

Chair Takumi, Vice Chair Ichiyama, and Members:

I am a CPA and practice public accounting on the island of Maui. I am also the owner of Patrick L. Ing, CPA, Inc. a public accounting firm.

I strongly oppose HB1109, HD1 which provides for "No Notice, No fees" CPA mobility for out-of-state and foreign CPAs practicing in Hawaii.

Passing HB1109, HD1 will result in:

- exporting of local jobs to the mainland and overseas, and reducing the number of Hawaii accounting jobs available for the younger generation of Hawaii accountants;
- less consumer protection for Hawaii businesses and individuals by allowing out-of-state and foreign CPAs to practice in Hawaii without a Hawaii license or permit;
- elimination of Hawaii CPA firm permits for out-of-state CPA firms providing tax, consulting, compilation and review of financial statements work, and removes requirement that all out-of-state CPA firms doing business in Hawaii must provide their Hawaii General Excise Tax (GET) license numbers, which is currently required for in-state Hawaii CPA firms. This requirement was instituted after a HAPA study found that over 70% of out-of-state CPA temporary permit holders worked for firms who failed to obtain Hawaii GET license numbers which are required to pay Hawaii taxes;

Patrick L. Ing, CPA, Inc. 1721 Wili Pa Loop, Suite 103, Wailuku, Hawaii 96793  
phone: (808) 244-0667 fax: (808) 242-6733

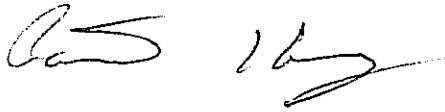
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- elimination of Hawaii CPA firm permits for out-of-state CPA firms, which is needed to subject these firms to Hawaii's peer review laws for the protection of Hawaii's consumers;
- reduction of Board control of out-of-state and foreign CPAs who are currently licensed in Hawaii because they will no longer need Hawaii licenses and permits. (According to the DCCA's report 755, or over 25%, of the total 3,002 Hawaii CPA licensees in 2018 are from the mainland or foreign countries);
- loss of approximately \$270,000 in Hawaii individual licensing fees plus firm permit fees ranging from \$121 to \$345 per firm every two years;
- allowing out-of-state CPA firms to be owned by non-CPAs while Hawaii CPA firms must be owned 100% by CPAs – a practice that would be misleading, confusing, and dangerous to Hawaii's public. All out-of-state CPA firms registered in Hawaii should follow the same Hawaii laws applicable to in-state CPA firms;
- allowing out-of-state CPA practitioners to practice in taxes while in Hawaii and advertise in Hawaii even though states such as California do not allow Hawaii CPAs to prepare tax returns while temporarily in California unless they register under California's tax preparer registration law, CTEC (which does not exempt out-of-state CPAs and attorneys). Hawaii does not have a similar tax preparer registration law. If Hawaii CPAs cannot perform tax services while physically present temporarily in California unless they register under CTEC, then why should Hawaii allow out-of-state CPAs the right to practice in taxes temporarily in Hawaii for 120 days? See California tax preparer registration requirements at <https://www.ctec.org/tax-professionals/what-is-crtp>
- adding an "evergreen" model act (Uniform Accountancy Act) to be used as the statutory authority for automatic change to Hawaii's laws every time the AICPA (a private trade organization) and NASBA (another private organization) decide to change model act provisions. No state currently has adopted all of the provisions of the UAA as this is a model act with suggested language in its eighth edition, and it would be dangerous to delegate Hawaii statutory authority to out-of-state private institutions, largely controlled by the large international CPA firms and accountants who do not practice public accounting.
- allowing out-of-state CPAs with lower licensing standards to practice in Hawaii since the UAA "substantially equivalent" licensing standards would be followed,

while Hawaii CPAs must achieve higher licensing standards of two years of public accounting experience or its equivalent to obtain the Hawaii CPA license.

**Please protect Hawaii's jobs, taxes and fee revenues, and protect Hawaii's consumers by voting NO to HB1109, HD1 for the above and many more reasons.**

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Patrick L. Ing". The signature is fluid and cursive, with a long horizontal stroke at the end.

Patrick L. Ing, President

Patrick L. Ing, CPA, Inc.



**Frederick W. Gundlach, Esq., CPA**

Igodai 1009-1 #221

Narita, Chiba Prefecture

Japan 286-0035

February 18, 2019

To the Hawaii House Committee on Consumer Protection & Commerce  
Re: Opposition to HB 1109 HD 1, Relating to Public Accountancy

Chair Takumi, Vice Chair Ichiyama, and Committee Members:

I have previously written the Committee to OPPOSE House Bill 1109, and would like to assert opposition to the revised bill, designated HD 1. HD 1 does not materially address any of the concerns raised by the concerned citizens, groups, agencies and accounting professionals, who have opposed “no notice, no fees” mobility initiatives that have been proposed for the better part of a dozen years now. The bill is no improvement on what has been proposed time and again.

That number of esteemed accountants of long standing, on both Oahu and Neighbor Islands, have given significant, detailed reasons why mainland mobility initiatives won’t work in Hawaii. I have also touched on these in earlier testimony. Here, though, I would like to challenge some of the premises in Section 1 of the revised bill. (That section works as a preamble for the proposed law.)

Section 1 says that “the legislature finds that certified public accountants practice public accountancy across state lines on an increasingly more frequent basis. In fact[,]” the introduction continues, “business realities, including interstate commerce and virtual technologies, make conducting business across state borders an everyday occurrence.” The bill maintains that this is the reason why mainland states enacted mobility.

I disagree. CPA mobility began in 1997,<sup>1</sup> years before the internet became a business or household tool and not a novelty. It is purely a convenience measure by some states who wished to allow other CPAs in. In fact, in those days of the last century, people actually thought (for good reason) that it was *risky* to try to do business over the internet. And it was for some things, until adequate and continuously-modified precautions were put in place to make using the internet the equivalent of conducting business transactions under traditional methods. It has

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<sup>1</sup> From the AICPA’s article, “CPA profession’s push for full mobility continues.” March 22, 2018. (<https://www.aicpa.org/advocacy/cpaadvocate/2018/cpa-professions-push-for-full-mobility-continues.html>, accessed February 18, 2019.)

taken the better part of twenty years to work out the bugs, and, in many instances, the internet is still useless and, indeed, risky. I only use it for clients I know, and those expressly referred to me.

Twenty years ago, payroll was generally handled locally, in-house, or through larger bricks-and-mortar firms like ADP, which had significant presence in many states. (There is an ADP office in Honolulu.) The processing might be handled from a centralized computer, but the company itself had a presence within the state. If, for the sake of argument, ADP started processing Hawaiian payrolls wrong, it would have been very easy for Hawaii to catch this and to put pressure on the company to bring itself into compliance. ADP participated in interstate commerce, but was also present *intrastate*. It was not “virtual”.

Even more, in those days, if someone broke off an accounting relationship with one of the smaller firms, it was not unusual for some due diligence questions to be asked, if even to find out why the person was switching payroll processors.

Now, in this century of virtual, internet-facilitated situations, there is a payroll company called Gusto, (formerly Zen Payroll, website [www.gusto.com](http://www.gusto.com)). It is based in San Francisco, California, and mostly does business over the internet. It solicits in Pennsylvania, New York, Hawaii, everywhere over the internet. It asks very few questions in any late-if-ever due diligence. (I know.)

Employee misclassification of independent contractors is an increasing problem. The federal government loses payroll (social security and unemployment tax), and the states generally also lose various payroll taxes to the scheme where an employee is mischaracterized as an independent contractor. The phony “independent contractor”, who otherwise facing 15.3% federal self-employment (social security) tax, has the incentive through false expensing to try and bring his/her net income down to zero. (False, since they aren’t really an independent.) The *bona fide* CPA can’t obviously engage or facilitate any of that, well, fraud.

When payroll was generally processed locally, payroll departments and outsourcers had a legitimate fear of the local state revenue office. But Gusto’s answer is to have a web page recommending that if “you” have a concern about that, to file an SS-8 with the IRS and get a determination.<sup>2</sup> (Actual answer is to look at individual

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<sup>2</sup> <https://gusto.com/framework/hr/independent-contractor-vs-employee-whats-the-difference/> (Accessed February 18, 2019). After the webpage discusses some black-letter elements, it goes on to say: “However, these are not hard and fast rules. Other considerations also come into play when categorizing an employment relationship such as how permanent the relationship has been in the past and even how often the individual works for your company. Still scratching your head? Don’t worry. *Just fill out Form SS-8 and the IRS will do all the deciding for you. Phew.*” (Emphasis added.) Notice that it isn’t that the company is worried that the customer is trying to

state law to see whether the relationship would be regarded as employer-employee or as true independent contractor.) Gusto is hands-off as to whether you want to describe your employees and independent contractors. In fact, the whole relationship is hands-off. You are doing it all over through the magic of the internet.

I am not making specific accusations against this one company, only using it as an example, because it's more than hypothetical: it's out there on the internet. And based on what that company presents on the internet: you want someone filed as independent contractor? You just say the word to Gusto. Oops, state caught up with you? Maybe ask Gusto to make them an employee on the next payroll run, or the next year, as you want. (Gusto won't know.) It's plausible on the outside that it's whatever you want<sup>3</sup> as long as you keep responding to our billed invoice over the internet. It is a very positive, well-done, inviting site. It also functions outside of any local/state control in the localities in which it operates. The business is overall on the up-and-up, for sure, but it's really only practically controlled by California authorities, not *any* authority of *any* state in which it does business. The other states have to catch any employee misclassification first.

The more the computer is used instead of the human, and the more distance is put between the end-user and the facilitator, the more likely it is that suspect activity can occur. And to a business seeking revenue over the internet, there is no incentive to look too hard to see whether one "independent" company based in New York with a Delaware LLC, had "independent contractors" that now appear as employees of another firm's payroll in Pennsylvania.

It used to be that a state could put a small payroll processor out of business for not asking the questions they should. With virtual technologies, the states can't. So, if Hawaii locates a renegade CPA somewhere, operating virtually over the internet,

"in" Hawaii

but--presto!--not in Hawaii,

how are you going to reach that person? Which state border are you going to cross to get there?

With online tax preparation as well: How can we be so sure the big internet firms are doing due diligence over what their clientele is typing into the screens? I have

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make them a co-conspirator, accomplice, or accessory after the fact to payroll fraud. Because it's the internet.

<sup>3</sup> They are "serving up hot payroll since 2006." <https://twitter.com/heyrollguy?lang=en>

an anecdote here out of Narita, Japan, where some of the pilots have been advised by a big internet firm that they qualify for the U.S. foreign earned income exclusion, even though they don't really have *bona fide* residence in Japan (no *Zairyu* or residence card, or start-and-end of year residency, just temporary lodging), and any days spent traveling in international waters don't count toward the 330-day physical presence test for the exclusion. It's the internet. So the big tax prep business' staff says whatever makes the sale.

Your bill's preamble also says:

“[w]ithout a mobility law, the state board of public accountancy has no jurisdiction over these out-of-state licensed certified public accountants.”

**That's just plain false.** Hawaii always has jurisdiction over business conducted in Hawaii. The question is how easy or hard is it for your state to exercise its jurisdiction? The mobility bill makes it harder for Hawaii to exercise its jurisdiction. Besides the discussion above, how do you regulate the snow-bird CPA? How do you prevent the mainland state or the foreign nation with the weakest standards or the lowest-paid qualified staff from coming in to Hawaii and taking hard-earned business away? Your jurisdiction that you have now to regulate is severely weakened once you let, basically, any accountant from anywhere come in and do the specialized functions of a CPA (audit, tax preparation, etc.)

Mainland mobility is only working because, as I've said, there really is not a whole lot of mobility outside of metro areas that border neighboring states. Some states are insisting on separate tax-preparer regulation beyond specific state harbors, so there really isn't the reciprocity advertised by AICPA. It's great to be able to move to a state and not have to sit for essentially the same exam again. But I didn't sit again when I obtained Hawaii certification. I just had to establish experience and education requirements, (plus proof of CPE, etc.)

If mainland mobility were on the same ratios as what will happen to Hawaii if this bill were enacted, say 70% of a typical state's accountants coming from some place else temporarily, and only 30% locally based, I think mainland states would lower the boom on mobility and tighten regulations. It only works because of the specific situations of those places, ones that Hawaii doesn't have.

Finally, there are a number of talented accountants that I have met in Hawaii in the past two years. It's really difficult to imagine that Hawaii-based firms, or other Hawaii CPAs can't find the specialized talent that they need to fill temporary needs. Also, if specific “complex industries, such as energy, health care, transportation, and technology” in Hawaii need these kinds of CPA specialties, I would think that having home-grown specialization makes much more sense than flying someone in.

New Jersey, one of the pharmaceutical capitals of the world, has plenty of local expertise who specialize in accounting and auditing for the pharmaceutical industry. Where have your big firm CPAs been, when all of this potential business has been right in front of them for years? (Does the home office know about the missed billing opportunities?) It doesn't make any sense, and the argument tends to insult the many smart, capable CPAs among your constituents.

It's unfortunate that those same local CPAs are being forced to reargue the same points, year after year, to the Legislature.

Respectfully submitted,

Frederick W. (Rick) Gundlach, Esq., CPA  
Narita City, Chiba Prefecture, Japan

Member of Bar, Pennsylvania and New Jersey (inactive)  
Certified Public Accountant, Hawaii, Pennsylvania  
and New Jersey

**HB-1109-HD-1**

Submitted on: 2/18/2019 11:37:27 AM

Testimony for CPC on 2/20/2019 2:00:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Ryan Suekawa	Individual	Support	No

Comments:

My name is Ryan Suekawa, CPA, and I support *HB 1109*, relating to procedures and eligibility criteria for a privilege to practice public accountancy in this State for public accountants. I was born and raised in Hawaii. I graduated from the University of Hawaii at Manoa.

I strongly support this bill because it would help Hawaii law reflect the realities of modern business, and help our Hawaii-born young professionals return home.

The practice of public accountancy in the world is no longer a sole proprietor inspecting a business's paperwork from their office down the road. Hawaii-based businesses have grown beyond our island geography. Additionally, technology and online operations allow businesses to operate in multiple states. As more businesses expand into other states, I believe it is increasingly vital that their business advisors, including CPAs, also have the ability to efficiently cross state lines to provide professional services. I believe HB 1109 will help businesses operating in Hawaii receive efficient public accountancy services.

Furthermore, I believe the current public accountancy laws must be amended to efficiently allow for our Hawaii-born CPAs to return home and contribute to our Hawaii economy.

Throughout my career, I have noticed that some of Hawaii's best and brightest high-school students seek college opportunities on the mainland. Many of these students study in accounting, begin their career in public accountancy firms on the mainland, develop valuable skills, obtain their CPA license, and want to return home to Hawaii. When our young Hawaii-born CPAs start the process of returning home to Hawaii; they are met by an inefficient Hawaii CPA licensure process that prevents them from returning home. Having seen the negative effects of Hawaii's current CPA regulations on young Hawaii-born professionals, I believe current Hawaii public accountancy laws have created unnecessary barriers to prevent our young Hawaii-born CPAs from returning home to work.

KENT K. TSUKAMOTO, CPA  
1033 Maunanani Street  
Honolulu, Hawaii 96825

House Committee on Commerce & Consumer Protection

Wednesday, February 20, 2019

2:00 p.m. in Room 329

## **In Support of House Bill 1109 HD1**

Chair Takumi, Vice Chair Ichiyama, and Committee Members:

My name is Kent K. Tsukamoto and I have been a practicing Hawaii CPA since 1978. I am a past chairman of the State of Hawaii Board of Public Accountancy and am currently the founder and managing partner of Accuity LLP, a locally based, locally owned CPA firm. I strongly support this bill.

We serve Hawaii based clients who have operations in multiple states and who have compliance responsibilities that span multiple jurisdictions. These Hawaii businesses need their Hawaii CPA to be able to practice in other states. Practice mobility is the ability of a CPA to gain temporary practice privilege outside of his home state without getting an additional license in another state in order to serve a client.

As a former member and chair of the Hawaii State Board of Accountancy, I firmly believe that mobility legislation will strengthen and serve the public interest as it will give clear authority to the State of Hawaii Board of Public Accountancy to regulate and discipline all CPAs practicing in Hawaii. This will enable the Board to discipline out-of-state licensees, whether they are registered or licensed in the state. This means that by practicing in Hawaii, a CPA would automatically consent to the jurisdiction of the Hawaii State Board of Accountancy.

Thank you for the opportunity to express my support for House Bill 1109.

Mahalo nui loa,

A handwritten signature in black ink, appearing to read "Kent K. Tsukamoto". The signature is fluid and cursive, with a large initial "K" and "T".

Kent K. Tsukamoto, CPA

Testimony of Marc Miura  
In Support of HB 1109

House Committee on Commerce & Consumer Protection  
Wednesday, February 20, 2019  
2:00 p.m. in Room 329

Chair Takumi, Vice Chair Ichiyama, and members of the committee:

As one of the younger CPAs in Hawaii, it has come to my attention that Hawaii is the only state without Mobility. I have heard arguments from both sides and am baffled as to why we do not have Mobility. Of all the states, Mobility makes the most sense for Hawaii. Due to the limited number of companies in such industries as banking, utilities, airlines, etc., we do not have the expertise to serve those clients without the support of CPAs from the mainland who specialize in serving clients in such industries. I serve many clients with an employee stock option plan, and am able to better serve those clients because of the assistance received from a CPA from the mainland who specializes in such plans. Without Mobility and the proper amount of lead time, I can only seek his assistance by phone or email. With Mobility, he can come to Hawaii with minimal notice to actually meet my clients face-to-face and get a better understanding of their issues.

I personally do not see Mobility as taking away jobs or opportunities from someone like me. I see it as providing me opportunities to help me learn and to help my clients.

Hawaii needs mobility, please pass HB 1109.



**ED FONG CPA & ASSOCIATES, LLC**  
CERTIFIED PUBLIC ACCOUNTANTS

EDWIN Y.W. FONG, C.P.A.

PAN AM BUILDING  
1600 KAPIOLANI BLVD., SUITE 730  
HONOLULU, HAWAII 96814  
TELEPHONE (808) 533-6236  
FAX (808) 523-1452

I am a CPA practicing public accountant on Oahu since 1960.

I am strongly opposed to HB1109, HD1. I believe all CPAs practicing in Hawaii should be subjected to the same taxes and licensing fees. Doing otherwise is discrimination. It places those who are subject to the rules at a disadvantage to those exempt from them. This is economic discrimination. Question: Is it fair to all concerned?

The legislation exempts the favored group from needing to obtain a "Hawaii Permit to Practice". My question is: What is the rationale for this exemption? Shouldn't all CPA firms conducting business in Hawaii be required to have a permit to practice and be subject to its requirements? Being exempt from obtaining a "Permit to Practice" provides an unfair advantage.

My understanding is ownership of out of state CPA firms may include non-CPAs. Ownership of Hawaii CPA firms are required to be 100% by CPAs. Therefore, shouldn't ownership of all CPA firms practicing in Hawaii be 100% by CPAs to comply with Hawaii ownership requirements?

I ask your protection of the fairness in Hawaii's laws by voting NO to HB1109, HD1.

Respectfully submitted,



Edwin Y. W. Fong, CPA



**Lisa M Toma Yoshida  
CPA, LLC**

← 30 Maluhia Drive Wailuku, HI 96793 →  
Phone:(808)244-3785 Fax:(808)242-6138  
lt@t-dcpa.com

**Committee on Consumer Protection & Commerce**

**Wednesday, February 20, 2019 at 2:00 p.m.**

**Conference Room 329**

**State Capitol**

**Re: Opposition to HB1109, HD1 Relating to Public Accountancy**

Chair Takumi, Vice Chair Ichiyama, and Members:

I am a CPA and the owner and sole member of Lisa M Toma Yoshida, CPA, LLC. I have been in public practice on the Island of Maui for over 20 years. I strongly oppose HB1109, HD1 which provides for “No Notice, No fees” CPA mobility for out-of-state and foreign CPAs practicing in Hawaii.

**NOT ONE MORE HAWAII JOB LOST TO OUTSOURCING.**

**NOT ONE MORE TAX DOLLAR UNPAID BY OUT-OF-STATE CPAS.**

**NOT ONE MORE LICENSING FEE DOLLAR LOST.**

Passing HB1109, HD1 will result in:

- exporting of local jobs to the mainland and overseas, and reducing the number of Hawaii accounting jobs available for the younger generation of Hawaii accountants;
- less consumer protection for Hawaii businesses and individuals by allowing out-of-state and foreign CPAs to practice in Hawaii without a Hawaii license or permit;

- elimination of Hawaii CPA firm permits for out-of-state CPA firms providing tax, consulting, compilation and review of financial statements work, and removes requirement that all out-of-state CPA firms doing business in Hawaii must provide their Hawaii General Excise Tax (GET) license numbers, which is currently required for in-state Hawaii CPA firms. This requirement was instituted after a HAPA study found that over 70% of out-of-state CPA temporary permit holders worked for firms who failed to obtain Hawaii GET license numbers which are required to pay Hawaii taxes;
- elimination of Hawaii CPA firm permits for out-of-state CPA firms, which is needed to subject these firms to Hawaii's peer review laws for the protection of Hawaii's consumers;
- reduction of Board control of out-of-state and foreign CPAs who are currently licensed in Hawaii because they will no longer need Hawaii licenses and permits.

(According to the DCCA's report 755, or over 25%, of the total 3,002 Hawaii CPA licensees in 2018 are from the mainland or foreign countries);

- loss of approximately \$270,000 in Hawaii individual licensing fees plus firm permit fees ranging from \$121 to \$345 per firm every two years;
- allowing out-of-state CPA firms to be owned by non-CPAs while Hawaii CPA firms must be owned 100% by CPAs – a practice that would be misleading, confusing, and dangerous to Hawaii's public. All out-of-state CPA firms registered in Hawaii should follow the same Hawaii laws applicable to in-state CPA firms;
- allowing out-of-state CPA practitioners to practice in taxes while in Hawaii and advertise in Hawaii even though states such as California do not allow Hawaii CPAs to prepare tax returns while temporarily in California unless they register under California's tax preparer registration law, CTEC (which does not exempt out-of-state CPAs and attorneys). Hawaii does not have a similar tax preparer

registration law. If Hawaii CPAs cannot perform tax services while physically present temporarily in California unless they register under CTEC, then why should Hawaii allow out-of-state CPAs the right to practice in taxes temporarily in Hawaii for 120 days? See California tax preparer registration requirements at <https://www.ctec.org/tax-professionals/what-is-crtp>

- adding an “evergreen” model act (Uniform Accountancy Act) to be used as the statutory authority for automatic change to Hawaii’s laws every time the AICPA (a private trade organization) and NASBA (another private organization) decide to change model act provisions. No state currently has adopted all of the provisions of the UAA as this is a model act with suggested language in its eighth edition, and it would be dangerous to delegate Hawaii statutory authority to out-of-state private institutions, largely controlled by the large international CPA firms and accountants who do not practice public accounting.
- allowing out-of-state CPAs with lower licensing standards to practice in Hawaii since the UAA “substantially equivalent” licensing standards would be followed, while Hawaii CPAs must achieve higher licensing standards of two years of public accounting experience or its equivalent to obtain the Hawaii CPA license.

**Please protect Hawaii’s jobs, taxes and fee revenues, and protect Hawaii’s consumers by voting NO to HB1109, HD1 for the above and many more reasons.**

Respectfully submitted,

A handwritten signature in black ink, consisting of a circular shape followed by a horizontal line that tapers to the right.

Lisa M Toma Yoshida, CPA

Carol S. Uhl, CPA  
1738 Wili Pa Loop, Wailuku, HI 96793

**Committee on Consumer Protection & Commerce**

**Wednesday, February 20, 2019 at 2:00 p.m.  
Conference Room 329  
State Capitol**

**Re: Opposition to HB1109, HD1 Relating to Public Accountancy**

**Chair Takumi, Vice Chair Ichiyama, and Members:**

I am a CPA in the practice of public accounting and have worked for over thirty years as a CPA for several international and local accounting firms on Oahu and currently on Maui. I am a member of the AICPA, HSCPA and HAPA.

I strongly oppose HB1109, HD1 which provides for “No Notice, No Fees” CPA mobility for out-of-state and foreign CPAs practicing in Hawaii.

The Hawaii State Board of Accountancy has set high standards for all licensees to meet and we should not lower those standards for out-of-state and foreign accountants who wish to practice here. We should provide a level playing field and not put our own citizens at a disadvantage. We should not create a double standard to the detriment of our Hawaii CPAs.

We already have temporary permit provisions for any out-of-state CPA who wishes to do business here in Hawaii, and they should continue to be required to obtain and provide their Hawaii GET license numbers – this presumes that they are in fact reporting and paying their Hawaii GE taxes. All CPA’s practicing in our state should be under the jurisdiction of the Hawaii State Board of Accountancy, Consumer Protection, and RICO, as we all are.

**NOT ONE MORE HAWAII JOB LOST TO OUTSOURCING.  
NOT ONE MORE TAX DOLLAR UNPAID BY OUT-OF-STATE CPAS.  
NOT ONE MORE LICENSING FEE DOLLAR LOST.**

Passing HB1109, HD1 will result in:

- exporting of local jobs to the mainland and overseas, and reducing the number of Hawaii accounting jobs available for the younger generation of Hawaii accountants;

- less consumer protection for Hawaii businesses and individuals by allowing out-of-state and foreign CPAs to practice in Hawaii without a Hawaii license or permit;
- elimination of Hawaii CPA firm permits for out-of-state CPA firms providing tax, consulting, compilation and review of financial statements work, and removes requirement that all out-of-state CPA firms doing business in Hawaii must provide their Hawaii General Excise Tax (GET) license numbers, which is currently required for in-state Hawaii CPA firms. This requirement was instituted after a HAPA study found that over 70% of out-of-state CPA temporary permit holders worked for firms who failed to obtain Hawaii GET license numbers which are required to pay Hawaii taxes;
- elimination of Hawaii CPA firm permits for out-of-state CPA firms, which is needed to subject these firms to Hawaii's peer review laws for the protection of Hawaii's consumers;
- reduction of Board control of out-of-state and foreign CPAs who are currently licensed in Hawaii because they will no longer need Hawaii licenses and permits. (According to the DCCA's report 755, or over 25%, of the total 3,002 Hawaii CPA licensees in 2018 are from the mainland or foreign countries);
- loss of approximately \$270,000 in Hawaii individual licensing fees plus firm permit fees ranging from \$121 to \$345 per firm every two years;
- allowing out-of-state CPA firms to be owned by non-CPAs while Hawaii CPA firms must be owned 100% by CPAs – a practice that would be misleading, confusing, and dangerous to Hawaii's public. All out-of-state CPA firms registered in Hawaii should follow the same Hawaii laws applicable to in-state CPA firms;
- allowing out-of-state CPA practitioners to practice in taxes while in Hawaii and advertise in Hawaii even though states such as California do not allow Hawaii CPAs to prepare tax returns while temporarily in California unless they register under California's tax preparer registration law, CTEC (which does not exempt out-of-state CPAs and attorneys). Hawaii does not have a similar tax preparer registration law. If Hawaii CPAs cannot perform tax services while physically present temporarily in California unless they register under CTEC, then why should Hawaii allow out-of-state CPAs the right to practice in taxes temporarily in

Hawaii for 120 days? See California tax preparer registration requirements at <https://www.ctec.org/tax-professionals/what-is-crtip>

- adding an “evergreen” model act (Uniform Accountancy Act) to be used as the statutory authority for automatic change to Hawaii’s laws every time the AICPA (a private trade organization) and NASBA (another private organization) decide to change model act provisions. No state currently has adopted all of the provisions of the UAA as this is a model act with suggested language in its eighth edition, and it would be dangerous to delegate Hawaii statutory authority to out-of-state private institutions, largely controlled by the large international CPA firms and accountants who do not practice public accounting.
- allowing out-of-state CPAs with lower licensing standards to practice in Hawaii since the UAA “substantially equivalent” licensing standards would be followed, while Hawaii CPAs must achieve higher licensing standards of two years of public accounting experience or its equivalent to obtain the Hawaii CPA license.

**Please protect Hawaii’s jobs, taxes and fee revenues, and protect Hawaii’s consumers by voting **NO** to HB1109, HD1 for the above and many more reasons.**

Respectfully submitted,

*Carol S. Uhl*

Carol S. Uhl, CPA

**Colleen M. Takamura  
41 Keapua Street  
Wailuku, Hawaii 96793  
(808) 243-9826**

Committee on Consumer Protection and Commerce

Wednesday, February 20, 2019 at 2:00 p.m.  
Conference Room 329  
State Capitol

**RE: Opposition to HB1109, HD1**  
Relating to Public Accountancy

**Testimony of Colleen Takamura**

February 19, 2019

Chair Takumi, Vice-Chair Ishiyama and Committee Members:

I oppose HB1109, HD1

I am a CPA in public practice. I am a manager for a CPA firm on Maui. I have been working in public practice for 34 years. In addition to this, I worked for my father, who was also a CPA, during high school and college summers and Christmas breaks.

I strongly oppose HB1109, HD1 which provides for ~~No~~ Notice, No Fees+CPA mobility for out-of-state and foreign CPAs practicing in Hawaii for the following reasons:

HB1109, HD1 allows for lower CPA licensing standards for foreign and out-of-state CPAs who practice in Hawaii. The standards that must be met by Hawaii licensed CPAs are higher. I think foreign and out-of-state CPAs should meet the same standards as those licensed in Hawaii. I have worked hard to earn my degrees in college, to pass the CPA exam (at that time, you had to take the whole CPA exam at one time and pass at least two parts), to work in a public accounting office to earn my experience to become a CPA and to pass the ethics exam before the Board of Public Accountancy would license you. In 1981, when I received my accounting undergraduate degree, my father urged me to obtain my masters degree. I did get my masters in accounting. It was already in the works that you would need the upper level college classes to be licensed in Hawaii. I didn't realize at the time that it would take more than 20 years to become a reality. It was a lot of work and at the end, you were proud to be a CPA.



Opposition to HB1109, HD1  
Page two  
February 19, 2019

The biggest and most concerning issue regarding this bill is a consumer protection. Is it in the best interest of Hawaii residents that foreign and out-of-state CPAs do not have to meet the same standards set for Hawaii CPAs? The answer is **NO**. We are proud to be from Hawaii where the standards are set higher than other states. It shows that the State of Hawaii is protecting its residents. Is it in the best interest of the public to lower the standards for foreign and out-of-state CPAs? The answer is **NO**. The out-of-state CPAs do not live here permanently. What happens if something goes wrong with a Hawaii client's tax return and the out-of-state CPA has already left the islands? Who will the Hawaii resident turn to? Will the Board of Accountancy help him? I don't think so. I think a Hawaii CPA will have to help the client and the client will end up paying for the out-of-state CPAs mistakes.

If the CPA licensing standards are lowered, there are no payment fees and no notice of practice in Hawaii to the Hawaii Board of Public Accountancy, there will be a loss of Hawaii jobs if out-of-state and foreign CPAs are allowed to practice in Hawaii without a Hawaii CPA license and permit to practice.

I believe passing HB1109, HD1 would eliminate Hawaii CPA firm permits for out-of-state CPA firms providing tax, consulting, compilation and review of financial statements work, and removes requirement that all out-of-state CPA firms doing business in Hawaii must provide their Hawaii General Excise Tax (GET) license numbers, which is currently required for in-state Hawaii CPA firms.

HB1109, HD1 would also reduce the Board of Accountancy's control over out-of-state and foreign CPAs who are currently licensed in Hawaii because they will no longer need Hawaii licenses and permits.

**Please protect Hawaii's consumers by voting NO to HB1109, HD1.**

Thank you for this opportunity to testify.

Respectfully submitted,

Colleen M. Takamura, CPA

ERIC H. MATSUDA  
CERTIFIED PUBLIC ACCOUNTANT  
1481 S. King Street, Suite 540  
Honolulu, Hawaii 96814  
(808) 949-7651

**Committee on Consumer Protection & Commerce**

**Wednesday, February 20, 2019 at 2:00 p.m.  
Conference Room 329  
State Capitol**

**Re: Opposition to HB1109 Relating to Public Accountancy**

Chair Takumi, Vice Chair Ichiyama and Committee Members:

I am a CPA and practice public accounting on Oahu. I am the owner of Eric H. Matsuda, CPA and have been a CPA for 29 years in the State of Hawaii.

I strongly oppose HB1109 which provides for “No Notice, No fees” CPA mobility for out-of-state and foreign CPAs practicing in Hawaii. Passing this bill will result in:

- exporting of local jobs to the mainland and overseas, and reducing the number of Hawaii accounting jobs available for the younger generation of Hawaii accountants;
- less consumer protection for Hawaii businesses and individuals by allowing out-of-state and foreign CPAs to practice in Hawaii without a Hawaii license or permit;
- removes requirement that all out-of-state CPA firms doing business in Hawaii must provide their Hawaii General Excise Tax (GET) license numbers, as is currently required for in-state CPA firms;
- discriminates against local Hawaii CPAs by failing to provide a fair and level playing field as compared to out-of-state CPAs.

**Please protect Hawaii’s jobs, taxes and fee revenues, and protect Hawaii’s consumers by voting NO to HB1109 for the above and many more reasons.**

Respectfully submitted,

Eric H. Matsuda, CPA

**HB-1109-HD-1**

Submitted on: 2/19/2019 9:25:55 AM

Testimony for CPC on 2/20/2019 2:00:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
G Tom	Individual	Support	No

Comments:

Dear Chair Takumi, Vice Chair Ichiyama and Committee Members:

I submit this testimony in **STRONG SUPPORT** of HB1109.

As a Hawaii-licensed CPA that was born, raised and educated right here in the State of Hawaii, I am continually confused by those who oppose CPA mobility based on the fear that it will lead to loss of local jobs to foreign and out-of-state CPAs and the alleged harm that it will do to Hawaii consumers when these unregulated CPAs come in and practice illegally. These fears and allegations are baseless and the passage of CPA mobility will actually empower the Hawaii State Board of Accountancy to pursue and discipline these non-Hawaii CPAs. The opposition likes to focus on the "no notice, no fees" aspects of bill, but they forget the "no escape" part.

I am not afraid that out-of-state licensed CPAs will come in and take away my firm's business. If my clients choose an out of state CPA to service them (presumably because of lower fees) then that's a client I don't want.

Hawaii is the only US state that does not have CPA mobility. This simply does not make sense. If we do not get mobility legislation passed; other US jurisdictions will start to limit our ability to serve our Hawaii clients with interests in other states because those states will not have reciprocity with Hawaii. CPA mobility will bring Hawaii on par with the rest of the nation in CPA consumer protection through the "no escape" provisions of the bill.

I urge you to please pass HB1109 forward. Thank you for your time and consideration.

**Emily Ewing  
283 Kuualoha Street  
Kahului, Hawaii 96732  
(808)214-8482**

Committee on Consumer Protection & Commerce

Wednesday, February 20, 2019 at 2:00 p.m.  
Conference Room 329  
State Capitol

**RE: Opposition to HB1109, HD1**  
Relating to Public Accountancy

**Testimony of Emily Ewing**

February 19, 2019

Chair Takumi, Vice-Chair Ichiyama and Committee Members:

**I oppose HB1109, HD1.**

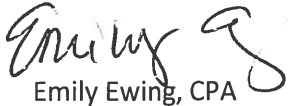
I am a CPA in public practice. I am a Senior Associate for a CPA firm on Maui. I have been working in public practice for four and a half years.

I strongly oppose the "no notice, no fees" CPA mobility legislation for the following reasons:

- exporting of local jobs to the mainland and overseas, and reducing the number of Hawaii accounting jobs available for the younger generation of Hawaii accountants
- removes requirement that all out-of-state CPA firms doing business in Hawaii must provide their Hawaii General Excise Tax (GET) license numbers, as is currently required for in-state CPA firms. This requirement was instituted after a HAPA study found that over 70% of out-of-state CPA temporary permit holders worked for firms who failed to obtain Hawaii GET license numbers which are required to pay Hawaii taxes
- less consumer protection for Hawaii businesses and individuals by allowing out-of-state and foreign CPAs to practice in Hawaii without a Hawaii license or permit

**Please protect Hawaii's jobs and Hawaii's consumers by voting NO on HB1109, HD1 for the above and many more reasons.**

Respectfully submitted,

  
Emily Ewing, CPA

# IN SUPPORT OF HB 1109

Chair Takumi, Vice Chair Ichiyama and Members of the Committee:

I am confused as to why there has been so much resistance to streamline the process for allowing CPAs to temporarily do work in Hawaii if needed. Rather than continue the onerous permitting process, Hawaii would be better served by enhancing the power of the Hawaii Board of Public Accountancy to discipline all CPAs. Our Board currently has no jurisdiction over out-of-state CPAs and passing HB 1109 would give the Board power to protect consumers of all CPA services.

I like many local CPAs have clients with rentals or investments in other states. Mobility will allow me to continue to service my clients so they will not need to seek another CPA in those jurisdictions. Mobility does not just pertain to physical presence ... it provides so much more flexibility for local practitioners and their clients.

I believe this committee will recognize that we live in an era of global business. Hawaii people need to be able to gain access to qualified CPAs wherever they reside and be assured that proper authority is put in place to protect them from harm. I humbly ask for your support of HB 1109.

Aloha,  
Darryl

**Darryl Nitta**  
**C&Y CPAs LLC**  
**715 S King Street, Ste. 400**  
**Honolulu, Hawaii 96813**  
**Telephone: 808-521-4974**  
**Facsimile: 808-537-9382**  
**Email: [darryl.nitta@cyhawaii.com](mailto:darryl.nitta@cyhawaii.com)**

Any tax advice contained in this communication (including any attachments) is not intended or written to be used, and cannot be used, for the purpose of (i) avoiding penalties under the Internal Revenue Code or any comparable state law, or (ii) promoting, marketing or recommending to another party any transaction or matter addressed herein.

Testimony of Terri Fujii  
**In Support of HB 1109**

House Committee on Commerce & Consumer Protection  
February 20, 2019  
Conference Room 329 at 2:00 p.m.

Chair Takumi, Vice Chair Ichiyama, and members of the committee:

I have been in public practice in Hawaii for over 30 years with a Big Four public accounting firm and now a local public accounting firm. I have also been a managing partner for both firms so, know firsthand how difficult it can be to serve our clients without mobility. Mobility is not a big firm or a local firm issue, it is an issue for all public accounting firms in Hawaii. We need to have mobility in order to best serve our clients. There are times that we need the expertise of a CPA on the mainland, and often will have less than a week's notice to have that CPA come to Hawaii to serve our clients. These CPAs are not coming to Hawaii to take away work from other CPAs, but are helping us to better serve Hawaii's businesses. If mobility has been accepted by all the other states, why wouldn't it be acceptable for Hawaii? This is one area where Hawaii should not be different from the other states and not having mobility puts us at a disadvantage. Like many of the other rules in Hawaii, not having mobility makes doing business in Hawaii that much more difficult.

HB 1109 puts Hawaii and our accounting profession on par with every other state and will allow the Hawaii Board of Accountancy to do its job in overseeing the CPAs that are from the mainland. Please help us in helping our clients, the businesses in Hawaii, by passing HB 1109.

Donn Nakamura  
1288 Kapiolani Boulevard #1909  
Honolulu, Hawaii 96814

House Committee on Consumer Protection & Commerce

Wednesday, February 20, 2019  
2:00 p.m. in Room 329

**In Support of House Bill 1109 HD1**

Chair Takumi, Vice Chair Ichiyama, and Committee Members:

My name is Donn Nakamura. I have been a practicing CPA since 2001, and I am an auditor with Accuity LLP, a local accounting firm. I strongly support House Bill 1109 HD1.

In order for CPAs to offer fast and efficient service to clients nationwide, barriers to interstate practice for CPAs should be eliminated. At the same time, we need to ensure that the public is adequately protected. This legislation will do both. Mobility legislation has already been passed in 49 U.S. states – Hawaii is the **only** state without mobility legislation.

Passage of mobility legislation will give clear authority to the Hawaii Board of Public Accountancy to regulate and discipline all CPAs practicing in Hawaii, enabling them to discipline out-of-state licensees, whether they are registered or licensed in the state. This means that by practicing in Hawaii, a CPA would automatically consent to the jurisdiction of the Hawaii State Board of Accountancy.

Many CPAs serve business clients who have operations in multiple states and compliance responsibilities that span multiple jurisdictions. These businesses need their Hawaii CPA to be able to practice in other states. Practice mobility is the ability of a CPA to gain temporary practice privilege outside of his home state without getting an additional license in another state in order to serve a client.

Please support House Bill 1109 HD1. Thank you for the opportunity to testify.

Sincerely,



Donn M. Nakamura, CPA

**SHARRON COURTER CPA, LLC  
106 CENTRAL AVENUE  
WAILUKU, HAWAII 96793**

**Committee on Consumer Protection & Commerce**

**Wednesday, February 20, 2019 at 2:00 p.m.  
Conference Room 329  
State Capitol**

**Re: Opposition to HB1109, HD1 Relating to Public Accountancy**

Chair Takumi, Vice Chair Ichiyama, and Members:

I am a Certified Public Accountant and Certified Fraud Examiner on Maui. I am the sole member of Sharron Courter CPA LLC.

I strongly oppose HB1109, HD1 which provides for "No Notice, No fees" CPA mobility for out-of-state and foreign CPAs practicing in Hawaii.

**NOT ONE MORE HAWAII JOB LOST TO OUTSOURCING.  
NOT ONE MORE TAX DOLLAR UNPAID BY OUT-OF-STATE CPAS.  
NOT ONE MORE LICENSING FEE DOLLAR LOST.**

Passing HB1109, HD1 will result in:

- exporting of local jobs to the mainland and overseas, and reducing the number of Hawaii accounting jobs available for the younger generation of Hawaii accountants;
- less consumer protection for Hawaii businesses and individuals by allowing out-of-state and foreign CPAs to practice in Hawaii without a Hawaii license or permit;
- elimination of Hawaii CPA firm permits for out-of-state CPA firms providing tax, consulting, compilation and review of financial statements work, and removes requirement that all out-of-state CPA firms doing business in Hawaii must provide their Hawaii General Excise Tax (GET) license numbers, which is currently required for in-state Hawaii CPA firms. This requirement was instituted after a HAPA study found that over 70% of out-of-state CPA temporary permit holders worked for firms who failed to obtain Hawaii GET license numbers which are required to pay Hawaii taxes;



- elimination of Hawaii CPA firm permits for out-of-state CPA firms, which is needed to subject these firms to Hawaii's peer review laws for the protection of Hawaii's consumers;
- reduction of Board control of out-of-state and foreign CPAs who are currently licensed in Hawaii because they will no longer need Hawaii licenses and permits.

(According to the DCCA's report 755, or over 25%, of the total 3,002 Hawaii CPA licensees in 2018 are from the mainland or foreign countries);

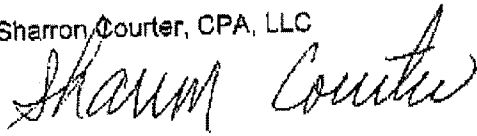
- loss of approximately \$270,000 in Hawaii individual licensing fees plus firm permit fees ranging from \$121 to \$345 per firm every two years;
- allowing out-of-state CPA firms to be owned by non-CPAs while Hawaii CPA firms must be owned 100% by CPAs – a practice that would be misleading, confusing, and dangerous to Hawaii's public. All out-of-state CPA firms registered in Hawaii should follow the same Hawaii laws applicable to in-state CPA firms;
- allowing out-of-state CPA practitioners to practice in taxes while in Hawaii and advertise in Hawaii even though states such as California do not allow Hawaii CPAs to prepare tax returns while temporarily in California unless they register under California's tax preparer registration law, CTEC (which does not exempt out-of-state CPAs and attorneys). Hawaii does not have a similar tax preparer registration law. If Hawaii CPAs cannot perform tax services while physically present temporarily in California unless they register under CTEC, then why should Hawaii allow out-of-state CPAs the right to practice in taxes temporarily in Hawaii for 120 days? See California tax preparer registration requirements at <https://www.ctec.org/tax-professionals/what-is-ctec>
- adding an "evergreen" model act (Uniform Accountancy Act) to be used as the statutory authority for automatic change to Hawaii's laws every time the AICPA (a private trade organization) and NASBA (another private organization) decide to change model act provisions. No state currently has adopted all of the provisions of the UAA as this is a model act with suggested language in its eighth edition, and it would be dangerous to delegate Hawaii statutory authority to out-of-state private institutions, largely controlled by the large international CPA firms and accountants who do not practice public accounting.
- allowing out-of-state CPAs with lower licensing standards to practice in Hawaii since the UAA "substantially equivalent" licensing standards would be followed, while Hawaii CPAs must achieve higher licensing standards of two years of public accounting experience or its

equivalent to obtain the Hawaii CPA license.

**Please protect Hawaii's jobs, taxes and fee revenues, and protect Hawaii's consumers by voting NO to HB1109, HD1 for the above and many more reasons.**

Respectfully submitted,

Sharron Courter, CPA, LLC

A handwritten signature in cursive script that reads "Sharron Courter". The signature is written in black ink and is positioned below the typed name.

Sharron Courter CPA, CFE



**MAUI**  
CHAMBER OF COMMERCE  
VOICE OF BUSINESS

**HEARING BEFORE THE HOUSE COMMITTEE ON CONSUMER PROTECTION & COMMERCE  
HAWAII STATE CAPITOL, HOUSE CONFERENCE ROOM 329  
WEDNESDAY, FEBRUARY 20, 2019 AT 2:00 P.M.**

To The Honorable Roy M. Takumi, Chair;  
The Honorable Linda Ichiyama, Vice Chair; and  
Members of the Committee on Consumer Protection & Commerce,

**TESTIMONY IN OPPOSITION TO HB 1109 RELATING TO PUBLIC ACCOUNTANCY**

Aloha, my name is Pamela Tumpap and I am the President of the Maui Chamber of Commerce with approximately 650 businesses. I am writing share our opposition to HB 1109.

We are constantly promoting buy local products and services first and while we recognize that we are in an era of global economy, where that is the case we believe there should be a level playing field. As there is already a standard in place for out of state and international accounting firms to practice in Hawaii (which we support), there should be no need for this bill to change that. Therefore, we oppose this bill

Mahalo for your consideration of our testimony and ask that you please defer this bill.

Sincerely,

*Pamela Tumpap*

Pamela Tumpap  
President

To advance and promote a healthy economic environment for business, advocating for a responsive government and quality education, while preserving Maui's unique community characteristics.

Testimony of Grayson Nose  
In Support of HB 1109

House Committee on Commerce & Consumer Protection  
February 20, 2019  
Conference Room 329 at 2:00 p.m.

Dear Chair Takumi, Vice Chair Ichiyama, and members of the Committee:

I am writing in support of HB 1109 regarding Mobility for CPAs. I have worked in both a big four accounting firm and a local firm. At the big firm, as the engagement team leader, we often needed to bring in staff from a mainland office to supplement the staff on the engagement team. We would often have a week's notice, and without the additional support, would have difficulty in meeting the client's deadlines. Due to the current rules for a temporary permit to practice, we often could not bring in the staff that we needed, which resulted in very long hours for the Hawaii based team. With Mobility, we would have been able to bring in the needed staff to assist in meeting the client's deadlines. With Hawaii's low unemployment rate, it is difficult to find the amount of staff needed, and the ability to supplement our current staff with CPAs from the mainland, would help to alleviate the staffing shortage. This would not take away jobs from graduating accounting students, as the qualified graduates are all finding jobs, and we would hire more graduates if we could find them. Not having Mobility in Hawaii is hindering our ability to serve Hawaii's businesses. Every other state has Mobility, why not Hawaii?

Please pass HB 1109.

**HB-1109-HD-1**

Submitted on: 2/19/2019 3:16:14 PM

Testimony for CPC on 2/20/2019 2:00:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Ann Hayashi	Individual	Oppose	No

Comments:

I work for a CPA firm on Maui, and I oppose HB1109, HD1. I believe that in order to help Hawaii's economy, laws should help local businesses, not help out-of-state businesses unfairly compete against local small businesses. The legislature's priority should be about retaining and nurturing the job force within our state.

Please vote NO to HB1109, HD1.

Ronald I. Heller  
700 Bishop Street, Suite 1500  
Honolulu, Hawaii 96813

phone 808 523 6000 fax 808 523 6001  
rheller@torkildson.com

Before the House Committee on  
**CONSUMER PROTECTION & COMMERCE**

Wednesday, February 20, 2019

**Testimony of Ronald I. Heller**

**In Support of House Bill 1109, HD1**  
**Relating to Public Accountancy**

Chair Takumi, Vice-Chair Ichivama, and Members of the Committee:

I have been a licensed CPA in Hawaii for more than 38 years, and I SUPPORT House Bill 1109.

I have one concern about House Draft 1: as currently written, Section 2(g) says that the board of accountancy may impose fees, fines and costs of investigation on an individual. The problem is that it does NOT say the fees, fines and costs apply when an individual is found to have violated applicable rules – as written, it allows the board to impose fees, fines and costs WITHOUT any finding of wrongdoing or violation. It would be unfair to make a person pay for an investigation if that investigation results in a finding that the person did nothing wrong.

This legislation is necessary due to the increasing frequency of CPAs practicing across state lines on a temporary basis. It is not unusual for a CPA to have clients with investments in multiple states, requiring multiple state tax returns. Many states used to require lengthy applications and fees, which were a barrier to serving clients. Every other state in the country has eliminated these requirements. This bill also ensures that the Hawaii State Board of Public Accountancy would have the ability to discipline a CPA from another state, if necessary.

In order for CPAs to offer fast and efficient service to clients nationwide, barriers to interstate practice for CPAs should be eliminated. At the same time, we need to ensure that the public is adequately protected. This legislation will do both. Mobility legislation has already been passed in 49 U.S. states – Hawaii is the **only** state without CPA mobility legislation.

I would be happy to respond to any questions you may have.

Respectfully submitted,

*Ronald I. Heller*

Ronald I. Heller

House Committee on Finance  
Wednesday, February 20, 2019  
Conference Room 329 – 2:00 p.m.

## **IN STRONG SUPPORT OF HB 1109, HD1**

Dear Chair Takumi, Vice Chair Ichiyama, and Committee Members:

I am Thomas Ueno, a CPA and a forensic accountant. My firm specializes in providing forensic accounting services, working with attorneys in developing and assessing damages and investigating frauds and embezzlements. We are a specialty firm and often face competition from CPA firms from the mainland. We welcome the chance to present our credentials to our clients and to tell them what we do, how we do it, and our years of experience in doing the work. More often than not, we get the job because we are qualified and more importantly, we are here in Hawaii and are readily accessible for meetings and testimony. Some people hire us as their experts because we are local, and not from the mainland. They ask us to wear an aloha shirt and not a suit when appearing in court or an arbitration.

And because of mobility, we can and are doing forensic accounting work for clients on the mainland. We are involved in cases that spread over several states and we can provide forensic services as a CPA in those states.

CPA mobility is often looked at as a local issue, defending our CPAs in Hawaii from the CPAs from the mainland. I am a past president of the Hawaii Society of CPAs and a past chair of the Hawaii Board of Public Accountancy and have listened to the arguments for and against mobility. We are not the first state to challenge mobility, it has been challenged in many states, all of whom have adopted mobility. It works, it insures the CPAs who serve the public, that's you and me, are qualified and meet the standards of our profession.

CPAs are a trusted profession, and we all believe we provide quality services to our clients. Competition whether its from other CPA firms here or from the mainland is a part of our business. When I was directing the marketing of a major national firm here, I looked at competition as a driver for us to continue to work at being better. And we did it. My department grew from two professionals to eight. We won lots of good work. Clients believed in us.

When I was on the Board of Public Accountancy, we pledged to protect the public interest. There are CPAs here and on the mainland who do bad work. In Hawaii, the Board disciplines our CPAs. With mobility, complaints from our Board are submitted to the respective state board of the mainland CPA and that CPA is disciplined by that board.

CPA mobility is successfully working in 49 states and its territories, and we, the public, need it here too.

Please support HB 1109, HD1

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Thomas T. Ueno". The signature is fluid and cursive, with a large initial "T" and "U".

Thomas T. Ueno, CPA



House Committee on Consumer Protection and Commerce

February 20, 2019 at 2:00 p.m.  
Conference Room 329

## In Support of House Bill 1109

Dear Chair Takumi, Vice Chair Ichiyama, and Committee Members:

My name is Trisha Nomura, CPA\*, and I support HB 1109. Passing the uniform CPA exam over 16 years ago and subsequently earning my CPA license remains one of my proudest achievements thus far. While I was a college student at Creighton University, I was fortunate to be given the advice that if I ever wanted to return home one day to raise a family and have a successful business career, that majoring in accounting and becoming a CPA would give me the best opportunity to do so. I studied hard to pass the CPA exam and have never regretted my decision. Becoming a CPA has afforded me the opportunity to buy a home and remain in Hawaii to raise my children – a dream that many others are not able to do.

Although I have worked hard to earn my CPA license, I completely support allowing CPAs from outside of Hawaii, who have also passed the uniform CPA examination and have earned a CPA license in their respective states, to have the mobility to work here. **Hawaii is the only U.S. jurisdiction that does not have CPA mobility.** All of the other states have granted our CPAs the ability to practice across the country – what makes us so different? In every decision that I make as a business leader, I try to make Hawaii proud – I try to make a mark so that Hawaii is not an afterthought but is at the forefront of positive change. In this regard, when it comes to mobility we are behind the rest of the country.

My career has led me over the years to work for a national firm, to own a small business and to be a part of one of Hawaii's largest employers. I can tell you that in each instance, when a well-qualified Hawaii CPA was available that was always our first choice. We never hired, or even considered, an out-of-state CPA unless there was specialized expertise that was not available locally. CPA mobility will give our State Board of Accountancy jurisdiction over these CPAs, which will enhance the protection to our Hawaii consumers. The mobility bill is not for out-of-state licensees that are doing permanent work – these CPAs must register and apply for licenses and permits.

Thank you in advance for your consideration of HB 1109. I humbly ask for your support.

Sincerely,



Trisha Nomura, CPA\*  
47-710 Hui Ulili Street  
Kaneohe, HI 96744

House District 48 – Representative Lisa Kitagawa  
Senate District 24 – Senator Jarrett Keohokaloha

\*Not in public practice