

DAVID Y. IGE
GOVERNOR

JOSH GREEN M.D.
LT. GOVERNOR



ISAAC W. CHOY
DIRECTOR OF TAXATION

STATE OF HAWAII
DEPARTMENT OF TAXATION
P.O. BOX 259
HONOLULU, HAWAII 96809
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To: The Honorable Aaron Ling Johanson, Chair;
The Honorable Lisa Kitagawa, Vice Chair;
and Members of the House Committee on Consumer Protection & Commerce

From: Isaac W. Choy, Director
Department of Taxation

Date: Tuesday, February 8, 2022
Time: 2:00 P.M.
Place: Via Video Conference, State Capitol

Re: H.B. 2426, Relating to Occupational Licensure

The Department of Taxation (Department) strongly opposes H.B. 2426 and offers the following comments for the committee's consideration.

H.B. 2426 makes several amendments to chapter 466, Hawaii Revised Statutes (HRS), to establish procedures and eligibility requirements for public accountants licensed in other states to obtain a privilege to practice public accountancy in Hawaii. Holders of this privilege would be subject to the regulatory and enforcement jurisdiction of the Board of Accountancy. The measure is effective July 1, 2022 and sunsets on June 30, 2024.

This bill gives away local jobs.

- Hurts the local consumers by allowing unqualified accountants from out of state, to work in Hawaii without supervision.
- Demeans the quality of work done by local accountants.
- Fosters tax avoidance.

As the Director of Taxation, I have personally witnessed dozens of situations where local and state tax laws are violated simply because the out of state accountants have no clue as to the tax filing and tax obligations required by the state of Hawaii. It is a myth that out of state accountants do better work than local accountants. It is insulting to say out of state accountant are in any way better than the local people.

The State of Hawaii has always been an outlier when it comes to the taxing of business transactions. Our General Excise Tax system has a long history of providing the funds needed for providing basic government services. This unique tax system has nuances that are very

peculiar to the out of state accountants. Mainly, they do not understand that our tax system pyramids, has a very broad base and a very low rate.

Finally, I have a long track record in my career as a certified public accountant. I have worked in industry and now I am finishing my career in government. There is no equivalent experience to public accounting experience. There is no better way of receiving excellent professional and reliable service than from a local accountant who lives here, works our community, and supports our local economy.

Thank you for the opportunity to testify.

Testimony of the Board of Public Accountancy

**Before the
House Committee on Consumer Protection & Commerce
Tuesday, February 8, 2022
2:00 p.m.
Via Videoconference**

**On the following measure:
H.B. 2426, RELATING TO OCCUPATIONAL LICENSURE**

Chair Johanson and Members of the Committee:

My name is Kedin Kleinhans, and I am the Executive Officer of the Board of Public Accountancy (Board). The Board offers comments on this bill.

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; (2) subject all holders of a privilege to practice to the regulatory and enforcement jurisdiction of the Board; and (3) provide a sunset date of June 30, 2024.

The Board will review this bill at its next publicly noticed meeting on February 24, 2022. Meanwhile, the Board offers comments based on its prior opposition to similar bills. For the Committee's information, this bill shares similar language as H.B. 1109 heard during 2019 legislative session, and S.B. 2059 heard during the 2018 legislative session. In its prior testimony, the Board shared 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. 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.



HAWAII ASSOCIATION OF PUBLIC ACCOUNTANTS

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



Committee on Consumer Protection and Commerce Tuesday, February 8, 2022 at 2:00 p.m. Conference Room 329 State Capitol

Re: Strong Opposition to HB 2426 Relating to Occupational Licensure

Chair Johanson, Vice Chair Kitagawa, and Committee Members:

I am a Hawaii CPA and Attorney, the legislative co-chairperson, State Director and a Past President of the Hawaii Association of Public Accountants. I am a principal for a well-established Maui CPA firm, Niwao & Roberts, CPAs, a P.C. I am also Vice Chair of the Hawaii Council on Revenues, a former Commissioner of the Hawaii Tax Review Commission, and a Past President of the National Society of Accountants. However, I am testifying here solely in my capacity as legislative co-chairperson for the Hawaii Association of Public Accountants, while drawing upon my knowledge obtained while serving in the above positions.

HAPA strongly opposes HB 2426 and “no notice, no fees” CPA mobility legislation for numerous reasons that extend back over 20 years, fighting against the large international CPA firms and their representative organization - the HSCPA - in the Hawaii legislature. HB 2426 is about outsourcing Hawaii’s CPA services to out-of-state and foreign CPAs with lower standards and no licensing fees, while Hawaii-licensed CPAs are held to higher standards and requirements, such as being subjected to Hawaii’s mandatory peer review engagements for compilation and review reports, and high license fees.

In order to be considered CPA mobility legislation according to those out-of-state and foreign CPA firms advocating for this type of legislation, there are two criteria that must be met: 1) “no notice”, where there is absolutely no registration or notice of practice given to the Board of Public Accountancy by an out-of-state or foreign CPA practicing in Hawaii, and 2) “no fees”, where absolutely no licensing fees are due for out-of-state or foreign CPAs who would enjoy the privilege of practicing public accountancy in Hawaii.

After personally reviewing many state accountancy laws in other states and listening to accounting and tax practitioners from other states, it is obvious to me that there is great variation among state accountancy statutes, and no one follows exactly the model Uniform Accountancy Act (UAA) language. Hawaii is unique compared to other states due to its distant location in the middle of the Pacific and the fact that Hawaii is a very popular tourist destination. According to the Hawaii Tourism Authority, over 10.4 million visitors came to Hawaii in 2019. Included among these many visitors are out-of-state or foreign CPAs who would like to practice public accountancy in Hawaii so that they can write-off their vacation trips to Hawaii. If they can practice with lower standards than what must be met by local Hawaii CPA firms, with no licensing fees, and without being

caught or regulated (i.e., it is cost-prohibitive to sanction a CPA living in a foreign country or the mainland, especially when they do not pay any licensing fees), picking up a Hawaii client or two sounds great! But this ultimately results in the following for Hawaii if CPA “no notice, no fees” mobility is passed:

1. **Loss of Hawaii jobs** as accounting and tax work is picked up by vacationing out-of-state or foreign accountants who do not understand or take the time to learn Hawaii laws. In recent years, Hawaii has had a decline in population, with Hawaii’s younger generation seeking higher-paying jobs on the mainland. As tax and accounting jobs are lost due to outsourcing, Hawaii’s younger generation will move to the mainland to enjoy greater career opportunities there. Hawaii’s economy will be affected with more outsourcing of services.
2. **Loss of tax and license fee revenue.** HB 2426 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.

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.¹ 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.² Unfortunately, HB 2426 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.

Although this version of “no notice, no fees” CPA mobility adds a provision that out-of-state CPAs must provide the department of taxation sufficient information to determine the licensee’s tax liabilities in this State, to the extent required by law, out-of-state CPAs have repeatedly been observed by HAPA practitioners to ignore Hawaii’s GET and income tax laws. Except for Board of Public Accountancy rules requiring an out-of-state

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

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

CPA firm to provide a Hawaii GET number, no other provision in the Hawaii Revised Statutes obligates the out-of-state CPA licensee to inform the State that they are complying with Hawaii's tax laws.

According to the State of Hawaii Department of Commerce and Consumer Affairs (DCCA), there are a total of 791 out-of-state and foreign CPAs who have obtained Hawaii permanent licenses and permits. Hawaii would lose a significant amount of license and permit fee revenue if HB2426 is passed. **Who would make up the costs of enforcement for out-of-state and foreign CPAs?**

3. **Loss of consumer protection.** 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.

HB 2426 will also reduce the Board's current control of 791 out-of-state and foreign-based CPAs who are currently licensed in Hawaii because most will no longer need Hawaii CPA licenses and permits.

The bill also 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.

HB 2426 also delegates legislative authority to two private organizations without legislative oversight and allows those with lower "substantially equivalent" CPA licensing standards to practice in Hawaii.

HB 2426 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. HB 2426 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 even though they did not pass the Uniform CPA Examination, which is required for Hawaii CPA licensees.

HAPA would also like to point out that 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 of qualifying tax education from a CTEC approved provider, purchase a \$5,000 tax preparer bond, and pay a registration fee.³ 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.

Please protect Hawaii's jobs, taxes and fee revenues, and protect Hawaii's consumers by voting NO to HB 2426 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 at (808) 242-4600, ext. 224. Thank you for considering the above.

Respectfully submitted,

Marilyn M. Niwao

Marilyn M. Niwao, M.S.P.H., J.D., CPA, CGMA

Legislative Committee Co-Chairperson, Hawaii Association of Public Accountants
niwao@maucpa.com

³ See [What is CRTP? - CTEC](#)



HAWAII ASSOCIATION OF PUBLIC ACCOUNTANTS

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



Committee on Consumer Protection and Commerce
Tuesday, February 8, 2022 at 2:00 p.m.
Conference Room 329
State Capitol

Re: Strong Opposition to HB 2426 Relating to Occupational Licensure

Chair Johanson, Vice Chair Kitagawa, and Committee Members:

The Hawaii Association of Public Accountants (HAPA) is the only statewide public accounting organization with active chapters on Oahu, Maui, Big Island, and Kauai. It has approximately 500 members, consisting primarily of small to mid-sized CPA firm owners and employees who are in active practice of public accountancy in Hawaii.

My name is Eric H. Matsuda, CPA, and I am State President of the Hawaii Association of Public Accountants. HAPA is strongly against HB 2426 which provides for “no notice and no fees” for out-of-state and foreign CPAs practicing public accountancy in Hawaii.

Hawaii currently accommodates the temporary practice by out-of-state CPAs by granting a temporary permit to practice. It requires notice and payment of fees to the Hawaii Board of Public Accountancy. Through this mechanism, out-of-state CPAs are allowed to practice public accountancy in Hawaii. With notice, Hawaii consumers can locate out-of-state and foreign CPAs if they have a grievance against these CPAs.

Alternatively, out-of-state CPAs can also apply for a Hawaii CPA license and practice on a more permanent basis in Hawaii. According to the State of Hawaii Department of Commerce and Consumer Affairs (DCCA), in 2021, there were a total of 791 out-of-state and foreign CPAs (over 25% of the total Hawaii CPA licensees) who obtained Hawaii permanent licenses and permits. Hawaii would lose a significant amount of license and permit fee revenue if HB2426 is passed. Without revenues from licensee fees, there would be no funds to enforce sanctions against out-of-state and foreign CPAs who harm Hawaii’s consumers.

HAPA urges you to vote NO to protect Hawaii’s consumers by requiring notice and payment of fees by out-of-state and foreign CPAs practicing public accountancy in Hawaii.

Respectfully submitted,

Eric H. Matsuda, CPA
HAPA State President

TO: Chair Aaron Ling Johanson; Vice Chair Lisa Kitagawa; and Committee

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

RE: HB 2426 RELATING TO OCCUPATIONAL LICENSURE

POSITION: Strong Support

Thank you for the opportunity to submit testimony in strong support of HB 2426. My name is Adrian Hong and I am president of Island Plastic Bags Inc., a second-generation, family business in Halawa Valley. This bill will allow small businesses like mine to get the professional accounting services we need. We would also be able to obtain access to specialists that are difficult to find in Hawaii for our specialized manufacturing business.

The changes in regulations throughout the pandemic have created unprecedented demand for CPA's. Tax laws have changed, new government programs have been implemented (ex. Payroll Protection Program and Small Business Relief & Recovery Fund), and whole business models have changed. Small business owners in particular need help navigating what these changes mean to their businesses. Unfortunately, there are not enough CPA's in Hawaii to handle all of this work. HB 2426 would give small businesses access to out of state CPA's to help fill the gap.

HB 2426 would also allow small businesses like mine to bring in accounting specialists in certain industries and areas of focus that are not typically found in Hawaii. For example, Island Plastic Bags is a plastic bag manufacturer. Hawaii does not have a large manufacturing base so it would be difficult for me to find an auditor in Hawaii with the necessary expertise to audit my company.

Should you have any questions or comments about my testimony you can contact me by email at ahong@islandplasticbags.com or by phone at 808-484-4046.

Sincerely,

Adrian K. Hong, CPA*

President

Island Plastic Bags, Inc.

www.islandplasticbags.com

Email: ahong@islandplasticbags.com | Phone: 808-484-4046 | Fax: 808-488-8505

*Not in public practice

Natalie J. Iwasa, CPA, Inc.
1331 Lunalilo Home Road
Honolulu, HI 96825
808-395-3233 (Land Line)
cpa@natalieiwasacpa.com

TO: Members of the Committee on Consumer Protection & Commerce

HEARING: 2 p.m. Tuesday, February 8, 2022

SUBJECT: HB 2426, CPA Mobility - **OPPOSED**

Aloha Chair Johanson and Committee Members,

Thank you for allowing the opportunity to provide testimony on HB 2426, which would mainly make various changes to requirements for out-of-state CPAs who would like to practice in Hawaii.

This bill would allow out-of-state CPAs to practice here without having a current license or permit in Hawaii. In-state CPAs, however, are required to pay biennial fees for their licenses and permits. In addition, firms based in Hawaii are required to pay a separate permit fee. These fees are not cheap. At the end of last year, I paid \$307 for my license and permit, and my firm paid \$230.¹

This bill would also exempt out-of-state CPAs from peer reviews. Peer reviews are also not cheap. Several years ago, Hawaii out-sourced the administration of peer reviews to Oregon. They require annual payments of at least \$250 to just remain in their records. The fee for the firm that actually does the peer review is separate and depends on the type of review done.

Other concerns I have about this bill are the likely increase in out-sourcing of local jobs and lowered standards for out-of-state CPAs allowed to practice here.

Please vote “**no**” on HB 2426.

Respectfully Submitted,
Natalie Iwasa, CPA, CFE

¹The state Board of accountancy is authorized to set fees for permits and licenses. As a sole practitioner, I pay a higher fee merely because I am employed by my own corporation. If I were self-employed, the fees would be lower. Fees for sole-practitioners should be the same, regardless of type of entity.

Brian M. Iwata, CPA
101 Aupuni St., #139
Hilo, HI 96720

February 7, 2022

The Honorable Aaron Johanson, Chair
The Honorable Lisa Kitagawa, Vice Chair
Committee on Consumer Protection and Commerce
Hawaii State Capitol Rm 329
415 South Beretania Street
Honolulu, HI 96813

Re: **In Opposition to HB 2426**
Relating to Public Accountancy

Chair Johanson, Vice-chair Kitagawa and committee members:

I am a CPA from Hilo, HI and have been in practice for over 45 years.

Currently we have a law in Hawaii that already allows for out-of-state CPAs to enter Hawaii to practice accounting. They must register and pay a fee like the rest of us that practice in Hawaii. This law has been in place for over 50 years and worked for all these years. It provides an equal playing field for all CPAs practicing in Hawaii.

Currently, there are over 800 licenses and/or permits holders of out-of-state CPAs. If this bill passes it would weigh the advantage to out-of-state CPAs since they will be exempted from paying for the cost to practice in Hawaii. More so how would we know if the out-of-state accountants are paying the income and general excise taxes on Hawaii sourced income unless registration is mandatory. The state of Hawaii will lose the revenue and in turn the residents here will have to make up for the loss of tax revenue. The last survey done by our accountant's organization several years ago, showed that 70% of the out-of-state accountants had no general excise tax license.

The accountants in Hawaii have been coming to the legislature for over 20 years to ask you the legislature to decide for us on issues that we the stakeholders cannot agree on. The law we have now has been working well. So why change it.

Thank you for this opportunity to testify.

Respectfully submitted,

Brian M. Iwata, CPA



Taketa, Iwata, Hara & Associates, LLC

Certified Public Accountants & Consultants

101 Aupuni Street, Suite 139

Hilo, Hawaii 96720-4260

BEFORE THE HOUSE COMMITTEE ON CONSUMER PROTECTION & COMMERCE

Tuesday, February 8, 2022 at 2:00 p.m.

State Capitol, Conference Room 329

In Opposition to House Bill 2426 Relating to Occupational Licensure

Chair Johanson, Vice Chair Kitagawa, and committee members:

I respectfully ask that you vote No on HB 2426. I am a CPA and partner in the firm of Taketa, Iwata, Hara & Associates, LLC in Hilo. I was also the chair of the Hawaii Board of Public Accountancy from 2016 to 2020.

There is an "open market" in Hawaii's public accounting profession. Table 3 of the DCCA Professional and Vocational Licensing Division's geographic report of licenses as of September 21, 2021 reported that there were 770 CPAs from other states that held a Hawaii CPA license, or approximately 27% of the total. There were also 173 CPA firms from other states that hold a Hawaii firm permit to practice, or approximately 21% of the total.

While it is technically true that the Hawaii Board of Public Accountancy does not have jurisdiction over an out-of-state CPA practicing in Hawaii without a Hawaii permit to practice, Hawaii's consumers are protected under the Professional and Vocational Act, Chapter 436B of the Hawaii Revised Statutes. In particular, Section 436B-27 provides for civil and criminal sanctions for unlicensed activity in Hawaii.

In summary, HB 2426 is attempting to solve a problem that doesn't exist. Therefore, I urge you to vote No on HB 2426.

Respectfully submitted,

A handwritten signature in black ink that reads 'Gregg M. Taketa'.

Gregg M. Taketa, CPA

Committee on Commerce, Consumer Protection, and Health

Tuesday, February 8, 2022

Conference Room 329

State Capital

Re: Strong Opposition to HB2426 Relating to Occupational Licensure

Chairman Johnason and Vice Chair Kitagawa and Committee Members:

My name is Shannon Wibberley, I am an accountant on the Big Island and president of Hawaii Association of Public Accountants. **I strongly oppose HB 2426** for the following reasons:

- **IT WILL OUTSOURCE JOBS FOR OUR YOUTH FORCING THEM TO MOVE TO THE MAINLAND.**
- **IT WILL LEAD TO A LOSS OF TAX REVENUE.**
- **IT WILL LEAD TO A LOSS OF LICENSING FEES.**

Please protect Hawaii's jobs, opportunities for our youth, and taxes and fee revenues by voting NO to JB 2426 for the above reasons.

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

Respectfully submitted,

Shannon Wibberley
Big Island HAPA President
shannon@tihcpa.com

LATE

HB-2426

Submitted on: 2/8/2022 10:15:00 AM

Testimony for CPC on 2/8/2022 2:00:00 PM

Submitted By	Organization	Testifier Position	Remote Testimony Requested
Hawaii Society of CPAs	Hawaii Society of CPAs	Support	Yes

Comments:

House Committee on Consumer Protection & Commerce

Testimony in Support of HB 2426

Relating to Occupational Licensure

February 8, 2022

Conference Room 329 – 2:00 p.m.

Chair Johanson, Vice-Chair Kitagawa, and Committee Members:

My name is Ed Nakano and I am President of the Hawaii Society of Certified Public Accountants, the only professional CPA association in Hawaii serving members in public practice, business & industry, government and academia.

HB 2426 is a distress signal for Hawaii businesses. Obtaining specialized expertise is not always readily available without having to go through the licensing barriers to practice. Since the pandemic, majority of the businesses are conducting activities virtually – it’s not by choice, it’s by necessity.

HB 2426 will enable Hawaii consumers and businesses to access the needed accounting expertise while maintaining the regulatory system that ensures adequate protection of the public.

We urge you to help Hawaii businesses get the services they need, when they need them without unnecessary regulatory burdens.

Thank you for the opportunity to express our support for HB 2426.

Respectfully submitted,

Edmund Nakano, CPA

President, Hawaii Society of CPAs

LATE

HB-2426

Submitted on: 2/8/2022 11:00:15 AM

Testimony for CPC on 2/8/2022 2:00:00 PM

Submitted By	Organization	Testifier Position	Remote Testimony Requested
Darryl Nitta	C&Y CPAs LLC	Support	No

Comments:

3 points:

This is for the TEMPORARY ability to serve Hawaii and its people in the CPA profession. TEMPORARY permission is granted ... if a CPA wants to do business in Hawaii on a regular basis, they will have to abide by the same registration procedures that CPAs in Hawaii do. This bill is not a shortcut to being a CPA in Hawaii.

It will give the consumer a broader choice of qualified CPAs to choose from. In the end, it is a consumer decision and choice who they want to engage as their CPA.

In the event a CPA acts unethically, this bill will give the Board of Accountancy the ability to remit notice to punish the CPA in "reciprocity".

LATE

HB 2426

Hearing Date: Tuesday, February 8, 2022

Hearing Time: 2:00 PM

Chair Aaron Ling Johanson and Committee:

My name is Chad Funasaki and I am an audit principal here at N&K CPAs, Inc. which is one of the largest CPA firms here in the State of Hawaii. One of the biggest challenges currently facing the CPA profession involve a shortage of CPAs which is made worse by COVID-19. CPA license reciprocity would allow Hawaii businesses to have access to more CPA professional services and would also enable Hawaii businesses to have access to services that require unique specialization which would be best served by out-of-state CPAs.

The opposition has always stated that allowing out-of-state CPAs the ability to practice in Hawaii would be bad as it would take away work from the local practitioners. This is simply not true. Out-of-state CPAs are still doing work here locally. However, without CPA license reciprocity, Hawaii regulators have no jurisdiction over these CPAs in the event they violate Hawaii state law. CPA license reciprocity would grant the Hawaii Board of Public Accountancy automatic jurisdiction over every CPA performing work here in Hawaii.

Please support and protect our local businesses and profession by passing HB 2426.

Sincerely,

Chad K. Funasaki

LATE

HB-2426

Submitted on: 2/7/2022 11:16:26 PM

Testimony for CPC on 2/8/2022 2:00:00 PM

Submitted By	Organization	Testifier Position	Remote Testimony Requested
james Shimota	Individual	Support	No

Comments:

I am writing in support of HB 2426. I wish to point out that our state is the only state that does not recognize a mobility law for accountancy. 49 out of 50 states recognize mobility where a CPA license issued in one state is allowed to be recognized in another state. In addition, our board of accountancy is stuck in a paradoxical situation where they should have the right to monitor and enforce actions against out-of-state accountants that are practicing in Hawaii without a permit to practice, but the board does not have the ability to do so unless the firm applies for a permanent permit to practice or a temporary permit to practice. This puts an additional burden on the consumer to find out which state licensed their certified public accountant (CPA) and file a report with that state's board of accountancy hoping that they can take the appropriate action.

I also want to highlight that the advent of remote work may make our current accountancy rules a problem especially since remote audits have been conducted. With the convenience to conduct online tax preparation fees as well as a chunk of audit services, I have concerns Hawaii may not be prepared to help protect consumers with the current laws in effect. Businesses may look for alternative options especially if their industry is specialized and Hawaii does not CPA experienced in conducting audits or tax returns for certain industries. In addition, the current rules to become CPA in Hawaii have become more rigid in meeting the experience requirement as well as finding a supervisor or higher that has the permit to practice to attest and qualify the experience. I have considered getting my CPA license from another state because of the difficulty imposed by the Hawaii CPA rules. Please consider passing HB2426

LATE

HB-2426

Submitted on: 2/8/2022 9:55:16 AM

Testimony for CPC on 2/8/2022 2:00:00 PM

Submitted By	Organization	Testifier Position	Remote Testimony Requested
Terri Fujii	Individual	Support	No

Comments:

Mobility is needed in Hawaii. We have a shortage of CPAs, and this would be a good time to encourage CPAs currently working on the mainland to return home, or to allow CPAs currently in Hawaii to work remotely from another state in the event they need to move (i.e., spouse is in the military). Hawaii is the only state without mobility and we need to make the ability to work as a CPA in Hawaii easier while still maintaining the quality of the profession. Mobility will accomplish this.

LATE

HB-2426

Submitted on: 2/8/2022 10:00:18 AM

Testimony for CPC on 2/8/2022 2:00:00 PM

Submitted By	Organization	Testifier Position	Remote Testimony Requested
Jessica Gluck	Individual	Support	No

Comments:

Hawaii is the only US jurisdiction that does not grant out-of-state CPAs the ability to practice in the state.

LATE

HB-2426

Submitted on: 2/8/2022 9:56:03 AM

Testimony for CPC on 2/8/2022 2:00:00 PM

Submitted By	Organization	Testifier Position	Remote Testimony Requested
Blake Isobe	Individual	Support	No

Comments:

License reciprocity for CPAs assists in creating job opportunities. Businesses making location decisions will consider their access to critical professional services and the failure to provide the same operating environment as other states will have an impact on their decision.

LATE

HB-2426

Submitted on: 2/8/2022 10:09:33 AM

Testimony for CPC on 2/8/2022 2:00:00 PM

Submitted By	Organization	Testifier Position	Remote Testimony Requested
Dwayne Takeno	Individual	Support	No

Comments:

Hawaii is the only U.S. jurisdiction that does not grant out-of-state CPAs the ability to practice in the state.

The Hawaii Board of Public Accountancy would gain automatic jurisdiction over all CPAs practicing in Hawaii, enabling the Board to discipline out-of-state CPAs.

LATE

HB-2426

Submitted on: 2/8/2022 10:15:01 AM

Testimony for CPC on 2/8/2022 2:00:00 PM

Submitted By	Organization	Testifier Position	Remote Testimony Requested
Aleli Fagaragan	Individual	Support	No

Comments:

The CPA profession’s shortage of talent has been exacerbated by the Covid-19 pandemic. Over half of Hawaiian businesses face a shortage of qualified labor according to a survey conducted by the Hawaii Chamber of Commerce. The current occupational licensing regulations compound upon this issue by creating barriers well-qualified professionals must overcome to work in Hawaii. The current occupational licensing structure in Hawaii is both inefficient, can cause prolonged delays, and passes added costs on to Hawaiian businesses and consumers. Many of Hawaii’s businesses require – or could benefit from – specialized expertise from CPA service providers that may not be readily available under the existing regulatory framework.

Hawaii is the only U.S. jurisdiction that does not grant out-of-state CPAs the ability to practice in the state.

LATE

HB-2426

Submitted on: 2/8/2022 10:23:12 AM

Testimony for CPC on 2/8/2022 2:00:00 PM

Submitted By	Organization	Testifier Position	Remote Testimony Requested
Lynn Aimoto	Individual	Support	No

Comments:

Support - Granting out-of-state CPAs the ability to practice in Hawaii could benefit Hawaii businesses.

LATE

HB-2426

Submitted on: 2/8/2022 10:28:05 AM

Testimony for CPC on 2/8/2022 2:00:00 PM

Submitted By	Organization	Testifier Position	Remote Testimony Requested
Lawrence Chew	Individual	Support	No

Comments:

In support. Hawaii is the only U.S. jurisdiction that does not grant out-of-state CPAs the ability to practice in the state.

HB-2426

Submitted on: 2/8/2022 10:28:44 AM

Testimony for CPC on 2/8/2022 2:00:00 PM

LATE

Submitted By	Organization	Testifier Position	Remote Testimony Requested
Grayson Nose	Individual	Support	No

Comments:

The bill will allow the Hawaii Board of Public Accountancy to have jurisdiction over all CPAs practicing in Hawaii, which will all the Board to dicipline out-of-state CPAs.

Also, I have seen the need for qualified individuals to assist Hawaii businesses. I have had businesses looking for qualified CPAs to assist with work because they have been turned down by other CPAs who do not have capacity to take on additional clients.

LATE

HB-2426

Submitted on: 2/8/2022 10:36:16 AM

Testimony for CPC on 2/8/2022 2:00:00 PM

Submitted By	Organization	Testifier Position	Remote Testimony Requested
John Bautista	Individual	Support	No

Comments:

The State of Hawaii is the only jurisdiction that does not allow CPAs from other states the ability to work in the islands. This has only increased the shortage of CPAs available in the state which has worsened during the on-going pandemic.

LATE

HB-2426

Submitted on: 2/8/2022 10:39:19 AM

Testimony for CPC on 2/8/2022 2:00:00 PM

Submitted By	Organization	Testifier Position	Remote Testimony Requested
Max Hsu	Individual	Support	No

Comments:

Mobility allows a CPA to basically go to other states to work temporarily as a CPA without having to obtain a temporary permit to practice.

LATE

HB-2426

Submitted on: 2/8/2022 10:39:36 AM

Testimony for CPC on 2/8/2022 2:00:00 PM

Submitted By	Organization	Testifier Position	Remote Testimony Requested
Marissa Pati	Individual	Support	No

Comments:

Hawaiian businesses currently face a competitive disadvantage due to having reduced access to CPA professional services. Hawaii is the only U.S. jurisdiction that does not grant out-of-state CPAs the ability to practice in the state. Adopting HB 2426 would encourage and promote innovation and will expand access to high-quality financial services to consumers and businesses.

LATE

HB-2426

Submitted on: 2/8/2022 10:49:09 AM

Testimony for CPC on 2/8/2022 2:00:00 PM

Submitted By	Organization	Testifier Position	Remote Testimony Requested
Mark Inafuku	Individual	Support	No

Comments:

Hawaii businesses and consumers should have a choice in getting the best service for their money. This will encourage local CPAs to stay diligent and updated in their profession and discourage complacency or neglect. Why does Hawaii have to be last in adopting change? No other state has had any serious issues with mobility. Not passing this bill will reinforce the short-sightedness of our legislature. Meaning well only goes so far. Implementation of ideas to help grow our economy and foster an environment for excellence can only help Hawaii. This isn't the only solution but it is a step in the right direction.

LATE

HB-2426

Submitted on: 2/8/2022 10:49:24 AM

Testimony for CPC on 2/8/2022 2:00:00 PM

Submitted By	Organization	Testifier Position	Remote Testimony Requested
Bryan Rogan	Individual	Support	No

Comments:

As an out of state CPA who moved to Hawaii in 2019, I strongly support the establishment of CPA reciprocity in Hawaii. The process to become licensed in Hawaii has been tedious and extremely long. Also, establishing reciprocity would help with local businesses who are being turned away from local CPA firms who do not have the staff capacity to take on new clients.

Adopting reciprocity is a matter of common sense removal of unnecessary barriers for qualified professionals to work in Hawaii. Please pass this bill.

HB-2426

Submitted on: 2/8/2022 10:49:51 AM

Testimony for CPC on 2/8/2022 2:00:00 PM

LATE

Submitted By	Organization	Testifier Position	Remote Testimony Requested
Michael Tanaka	Individual	Support	No

Comments:

The Hawaii Board of Public Accountancy would gain oversight over all CPAs practicing in Hawaii which would enhance their public protection responsibility. Thank you.

LATE

HB-2426

Submitted on: 2/8/2022 11:21:04 AM

Testimony for CPC on 2/8/2022 2:00:00 PM

Submitted By	Organization	Testifier Position	Remote Testimony Requested
Ryan Suekawa	Individual	Support	No

Comments:

Adopting HB 2426 would encourage promote innovation and will expand access to high-quality financial services to consumers and businesses.

HB-2426

Submitted on: 2/8/2022 11:34:26 AM

Testimony for CPC on 2/8/2022 2:00:00 PM

LATE

Submitted By	Organization	Testifier Position	Remote Testimony Requested
Ron Heller	Individual	Support	No

Comments:

This Bill will allow consumers and Hawaii businesses more options when choosing a professional to provide services.

House Committee on Consumer Protection and Commerce

February 8, 2022 at 2:00 p.m.
Conference Room 329

LATE

In Support of House Bill 2426

Dear Chair Johanson, Vice Chair Kitagawa, and Committee Members:

My name is Trisha Nomura, CPA*, and I support HB 2426. Passing the uniform CPA exam over 18 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 opportunity to work here. **Hawaii is the only U.S. jurisdiction that does not have CPA reciprocity.** 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 reciprocity 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. The pandemic has significantly impacted the talent in our profession and businesses in Hawaii either require - or could benefit greatly from - specialized expertise from CPA service providers that may not be readily available under the existing regulatory framework. CPA reciprocity will give our State Board of Accountancy jurisdiction over all CPAs practicing in Hawaii, which will enhance the protection to our Hawaii consumers. The 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 2426. 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 Keohokalole

*Not in public practice

LATE

HB-2426

Submitted on: 2/8/2022 12:19:19 PM

Testimony for CPC on 2/8/2022 2:00:00 PM

Submitted By	Organization	Testifier Position	Remote Testimony Requested
Mieko Gooch	Individual	Support	No

Comments:

Hawaii is the only U.S. jurisdiction that does not grant out-of-state CPAs the ability to practice in the state.

LATE

HB-2426

Submitted on: 2/8/2022 12:23:45 PM

Testimony for CPC on 2/8/2022 2:00:00 PM

Submitted By	Organization	Testifier Position	Remote Testimony Requested
Natalie Taniguchi	Individual	Support	No

Comments:

Adopting HB 2426 would encourage and promote innovation; and expand access to high-quality financial services to consumers and businesses. Many of Hawaii's businesses require or could benefit from specialized expertise from CPA service providers who may not be readily available under the existing regulatory framework.

LATE

House Committee on Consumer Protection and Commerce

February 8, 2022 at 2:00 p.m.
Conference Room 329

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

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

*Not in public practice

LATE

HB-2426

Submitted on: 2/8/2022 2:43:06 PM

Testimony for CPC on 2/8/2022 2:00:00 PM

Submitted By	Organization	Testifier Position	Remote Testimony Requested
Yu Hunt	Individual	Support	No

Comments:

Many of Hawaii’s businesses require – or could benefit from – specialized expertise from CPA service providers that may not be readily available under the existing regulatory framework. Hawaiian businesses currently face a competitive disadvantage due to having reduced access to CPA professional services.

Hawaii is the only U.S. jurisdiction that does not grant out-of-state CPAs the ability to practice in the state. Adopting license reciprocity for CPAs assists in creating job opportunities. Businesses making location decisions will consider their access to critical professional services and the failure to provide the same operating environment as other states will have an impact on their decision.

LATE

HB-2426

Submitted on: 2/8/2022 6:40:44 PM

Testimony for CPC on 2/8/2022 2:00:00 PM

Submitted By	Organization	Testifier Position	Remote Testimony Requested
Nick Chu	Individual	Support	No

Comments:

I AM IN SUPPORT OF HB 2426 RELATING TO OCCUPATIONAL LICENSURE. HAWAII IS THE ONLY STATE THAT LIMITS THE MOBILITY OF CPAS WORKING ACROSS STATE LINES WHEN THERE ARE REAL NEEDS FOR OUR MULTI-STATE CLIENTS.

THANK YOU.