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# A BILL FOR AN ACT

RELATING TO OCCUPATIONAL LICENSURE.

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

1           SECTION 1. The legislature finds that certain aspects of  
2 the occupational licensing requirement for certified public  
3 accountants in the State may impact consumers' and businesses'  
4 access to high-quality financial services and impede reciprocity  
5 for otherwise well-qualified public accountants certified in  
6 other states who seek to relocate or work in Hawaii. The  
7 legislature recognizes that certified public accountants  
8 practice public accountancy across state lines on an  
9 increasingly frequent basis. In fact, many factors, including  
10 interstate commerce and virtual technologies, lead public  
11 accountants to conduct business across state borders every day.  
12 The legislature also recognizes that each state, except Hawaii,  
13 has enacted a "mobility law", which facilitates the ability of  
14 consumers and businesses in one state to obtain services from  
15 qualified public accountants certified in other states.

16           The legislature further finds that the State's existing  
17 registration process for out-of-state certified public



1 accountants who wish to serve clients in Hawaii is burdensome,  
2 lacks viable enforcement mechanisms, and limits timely access to  
3 qualified accountancy services, especially in certain complex  
4 industries, including energy, health care, transportation, and  
5 technology. Furthermore, existing mobility barriers have the  
6 harshest effect on small accountancy firms and sole  
7 practitioners. Larger accountancy firms in Hawaii can develop  
8 extensive resources and hire many staffers to accommodate the  
9 needs of specialized industries. However, smaller accountancy  
10 firms and sole practitioners are unable to access a sufficient  
11 number of qualified Hawaii-certified public accountants to meet  
12 the growing needs of specialized industries, and are thus  
13 disproportionately affected by the State's lack of a mobility  
14 law. There is a critical need in Hawaii for standards that will  
15 authorize certified public accountants who are licensed in other  
16 states to provide services in Hawaii, on a limited basis,  
17 without the State's existing and unnecessary regulatory burdens.

18 The legislature finds that without a mobility law, the  
19 board of public accountancy has no jurisdiction over certified  
20 public accountants licensed by other states. If the State  
21 establishes a mobility law, the board of public accountancy will



1 gain automatic jurisdiction over all certified public  
2 accountants practicing in Hawaii, which is of critical  
3 importance to the enhancement of the board's public protection  
4 power. Automatic jurisdiction will enable the board to  
5 discipline out-of-state certified public accountants, regardless  
6 of whether the accountants are licensed in Hawaii.

7 The legislature believes that it is necessary to modernize  
8 the existing law for certified public accountants to increase  
9 employment for the profession, encourage market competition and  
10 innovation, and create worker reciprocity. The legislature also  
11 believes that it is possible to achieve this modernization  
12 without undermining the rigorous standards necessary for  
13 licensure.

14 Accordingly, the purpose of this Act is to:

- 15 (1) Improve Hawaii consumers' access to qualified  
16 certified public accountants, wherever those certified  
17 public accountants may reside; and
- 18 (2) Protect Hawaii's consumers by granting the board of  
19 public accountancy clear disciplinary power over all  
20 certified public accountants conducting business in  
21 Hawaii.



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

4 "§466- Substantial equivalency. (a) An individual  
5 whose principal place of business is not in this State and who  
6 holds a valid and current license as a certified public  
7 accountant from any state that the National Association of State  
8 Boards of Accountancy's National Qualification Appraisal Service  
9 has verified to be in substantial equivalence with the certified  
10 public accountant licensure requirements under the Uniform  
11 Accountancy Act shall:

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

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

18 (b) An individual whose principal place of business is not  
19 in this State and who holds a valid and current license as a  
20 certified public accountant from any state that the National  
21 Association of State Boards of Accountancy's National



1 Qualification Appraisal Service has not verified to be in  
2 substantial equivalence with the certified public accountant  
3 licensure requirements under the Uniform Accountancy Act shall  
4 obtain verification from the National Association of State  
5 Boards of Accountancy's National Qualification Appraisal Service  
6 that the individual's certified public accountant qualifications  
7 are substantially equivalent to the certified public accountant  
8 licensure requirements under the Uniform Accountancy Act to:

9       (1) Be presumed to have qualifications that are  
10             substantially equivalent to this State's requirements;  
11             and

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

15 Any individual who passed the Uniform Certified Public  
16 Accountant Examination and holds a valid license issued by any  
17 other state prior to January 1, 2012, may be exempt from the  
18 education requirement under section 466-5.5 for purposes of this  
19 subsection.



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

4       (d) A licensee of another state exercising the privilege  
5 afforded under this section and the accountancy firm that  
6 employs this licensee shall jointly and severally consent, as a  
7 condition of the exercise of this privilege:

8       (1) To the personal and subject matter jurisdiction and  
9 disciplinary authority of the board;

10       (2) To comply with this chapter and the rules adopted by  
11 the board;

12       (3) In the event the license from the state of the  
13 licensee's principal place of business is no longer  
14 valid, as a licensee, to cease to offer or render  
15 professional services in this State as an individual  
16 and on behalf of the accountancy firm;

17       (4) To the appointment of the state board that issued the  
18 license as the licensee's agent upon whom process may  
19 be served in any action or proceeding by the board  
20 against the licensee;

21       (5) To promptly notify the board within thirty days if:



- 1           (A) Any disciplinary action relating to the  
2           individual's license is commenced in any state;  
3           or  
4           (B) The individual is convicted of any criminal  
5           offense in any state or country;
- 6           (6) To notify the regulated industries complaints office  
7           to refer reports of any licensee violation of this  
8           section to the board for investigation and  
9           disciplinary action; and
- 10          (7) To provide the department of taxation sufficient  
11          information to determine the licensee's tax  
12          liabilities in this State, to the extent required by  
13          law.
- 14          (e) An individual who has been granted practice privileges  
15          under this section may only do so through an accountancy firm  
16          that has obtained a permit issued under section 466-7(d) if the  
17          individual, for any entity with its home office in this State,  
18          performs any of the following services:
- 19           (1) Any financial statement audit or other engagement to  
20           be performed in accordance with statements on auditing



1           standards of the American Institute of Certified  
2           Public Accountants;  
3        (2) Any examination of prospective financial information  
4           to be performed in accordance with statements on  
5           standards for attestation engagements of the American  
6           Institute of Certified Public Accountants; or  
7        (3) Any engagement to be performed in accordance with the  
8           Public Company Accounting Oversight Board's auditing  
9           standards.  
10       (f) A licensee of this State offering or rendering  
11 services or using the licensee's certified public accountant  
12 title in another state shall be subject to disciplinary action  
13 in this State for an act committed in another state for which  
14 the licensee would be subject to discipline for the act  
15 committed in the other state. The board shall investigate any  
16 written complaint made by the board of accountancy of another  
17 state. The nature and extent of the investigation shall be  
18 determined by the board in the exercise of its discretion.  
19       (g) In ascertaining substantial equivalency, the board  
20 shall consider the qualification without regard to the sequence





1 in which experience, education, or examination requirements were  
2 attained.

3 (h) The board may impose on an individual having a  
4 practice privilege or on a permit holder fees, fines, and costs  
5 associated with investigation and enforcement."

6 SECTION 3. Section 466-3, Hawaii Revised Statutes, is  
7 amended as follows:

8 1. By adding six new definitions to be appropriately  
9 inserted and to read:

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

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

19 "Practice privilege" means the legal right to engage in the  
20 practice of public accountancy within this State pursuant to  
21 section 466- .



1       "Principal place of business" means the office location  
2 designated by a licensee for purposes of substantial equivalency  
3 and reciprocity.

4       "Substantial equivalency" means a determination by the  
5 board or its designee that:

6       (1) The education, examination, and experience  
7 requirements prescribed by law and rules of another  
8 state jurisdiction are comparable to or exceed the  
9 education, examination, and experience requirements  
10 under the Uniform Accountancy Act; or

11       (2) An individual's certified public accountant education,  
12 examination, and experience qualifications are  
13 comparable to or exceed the education, examination,  
14 and experience requirements under the Uniform  
15 Accountancy Act.

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

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

20       "Attest" means providing the following [~~financial~~  
21 statement] services:



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



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

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

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

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



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

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

6 (1) A valid license;

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

14 (3) Completed an application;

15 (4) Paid appropriate fees and assessments; and

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

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

21 (1) Has attained eighteen years of age;



- 1 (2) Possesses a history of competence, trustworthiness,  
2 and fair dealing;
- 3 (3) Holds [~~a valid license of certified public accountant~~  
4 ~~or of public accountant issued under the laws of~~  
5 ~~another state, or who holds~~] a valid comparable  
6 certificate, registration, or license or degree from a  
7 foreign country determined by the board to be a  
8 recognized qualification for the practice of public  
9 accountancy in [~~such~~] the other country;
- 10 (4) Incidental to the person's practice in [~~such~~] the  
11 other [~~state or~~] country, desires to practice public  
12 accountancy in this State on a temporary basis; and
- 13 (5) Has completed an application.
- 14 [~~Such~~] The permit shall be effective for a period not exceeding  
15 three months, and shall specify the nature and extent of the  
16 practice so permitted.
- 17 (d) [~~All firms shall obtain a permit to practice.~~] The  
18 board [~~may~~] shall issue or renew a permit to actively engage in  
19 the practice of public accountancy to any firm [~~which~~] that  
20 submits a completed application and demonstrates qualifications



1 in accordance with this section and as prescribed by the board.

2 The following requirements shall apply:

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

5 (A) Any firm having an office in this State  
6 performing attest services;

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

12 (C) Any firm that does not have an office in this  
13 State, but performs for a client having its home  
14 office in this State any audit or other  
15 engagements to be performed in accordance with  
16 the statements on auditing standards, any  
17 examination of prospective financial information  
18 to be performed in accordance with the statements  
19 on standards for attestation engagements, or any  
20 engagement to be performed in accordance with the



1 auditing standards of the Public Company

2 Accounting Oversight Board;

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

13 (A) The firm meets the firm ownership and peer review  
14 requirements specified by this chapter and rules  
15 adopted by the board; and

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

20 (3) A firm that is not subject to paragraph (1) or (2) may  
21 perform other professional services while using the





1           title "certified public accountant" or the  
2           abbreviation of "CPA", or "certified public accountant  
3           firm" or the abbreviation of "CPA firm" in this State  
4           without a permit issued under this section; provided  
5           that:

6           (A) The firm performs services through an individual  
7           who holds a current permit to practice issued  
8           under this chapter or who is granted practice  
9           privileges under section 466-     ; and

10          (B) The firm can lawfully perform services in the  
11          state where the individual having practice  
12          privileges, if applicable, has the individual's  
13          principal place of business.

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



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

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

5 (2) Payment of required fees.

6 (g) For the initial issuance or renewal of a firm permit  
7 to practice under this section:

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

14 (2) If the firm does not have an office in this State,  
15 notwithstanding any other law to the contrary, the  
16 firm shall provide evidence that a simple majority of  
17 the ownership of the firm, in terms of financial  
18 interests and voting rights of all partners, officers,  
19 shareholders, members, or managers, belongs to holders  
20 of a certificate who are licensed in a state, and  
21 those partners, officers, shareholders, members, or



1 managers whose principal places of business are in  
2 this State and who perform professional services in  
3 this State hold a valid permit issued under this  
4 chapter or the corresponding prior law, or are public  
5 accountants licensed under section 466-6; provided  
6 that:

7 (A) Although a firm may include non-licensed owners,  
8 the firm and its ownership shall comply with the  
9 rules adopted by the board; and

10 (B) Any individual who has practice privileges  
11 pursuant to section 466- and performs services  
12 for which a firm permit is required under section  
13 466-7 shall not be required to obtain a  
14 certificate or permit from this State; and

15 (3) The firm shall provide evidence that any individual  
16 licensee or any individual granted practice privileges  
17 under this chapter and who is responsible for  
18 supervising attest or compilation services and signs  
19 or authorizes a person to sign the accountant's report  
20 on the financial statements on behalf of the firm  
21 shall meet the competency requirements prescribed in



1           the applicable professional standards for these  
2           services.

3           (h) A firm that no longer complies with subsection (g) (2)  
4           due to changes in the firm's ownership or personnel after the  
5           firm receives or renews a permit shall take corrective action to  
6           return the firm to compliance as soon as possible. The board  
7           may grant a reasonable period of time for a firm to take  
8           corrective action. A firm's failure to return the firm to  
9           compliance within a reasonable period, as defined by the board,  
10          shall result in the suspension or revocation of the firm  
11          permit."

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

14           "**§466-9 Disciplinary action.** (a) In addition to any  
15          other actions or conditions authorized by law, in accordance  
16          with chapter 91, the board may take any one or more of the  
17          following actions:

18           (1) Revoke a license or permit[+], or revoke or limit  
19           practice privileges granted pursuant to section  
20           466-     ;



- 1           (2) Suspend a license [~~or~~], permit[+], or practice
- 2                   privilege;
- 3           (3) Refuse to renew a license or permit;
- 4           (4) Reprimand, censure, or limit the scope of practice of
- 5                   any licensee [~~or~~], firm[+], or individual having a
- 6                   practice privilege;
- 7           (5) Impose an administrative fine not exceeding \$5,000 per
- 8                   violation;
- 9           (6) Place a licensee [~~or~~], a firm, or an individual having
- 10                   a practice privilege on probation;
- 11           (7) Require a firm to have a peer review conducted in the
- 12                   manner specified by the board; or
- 13           (8) Require a licensee or an individual having a practice
- 14                   privilege to attain satisfactory completion of
- 15                   additional continuing professional education hours as
- 16                   specified by the board.
- 17           (b) In addition to any other grounds for disciplinary
- 18           action authorized by law, any one or more of the following shall
- 19           constitute grounds for disciplinary action:
- 20                   (1) Fraud or deceit in obtaining a license [~~or~~],
- 21                   permit[+], or practice privilege;



- 1 (2) Disciplinary action taken by another state where the  
2 license or practice privilege is canceled, revoked,  
3 suspended, denied, or refused renewal;
- 4 (3) Failure, on the part of a holder of a license [~~or a~~],  
5 permit, or practice privilege to maintain compliance  
6 with the requirements for issuance of a license [~~or~~  
7 a], permit, or practice privilege, or renewal of a  
8 license or permit, or to report changes to the board;
- 9 (4) Revocation or suspension of the right to practice  
10 before any state or federal agency;
- 11 (5) Dishonesty, deceit, fraud, or gross negligence in the  
12 practice of public accountancy as a licensee or  
13 individual granted practice privileges, or in the  
14 filing or failure to file a licensee's or firm's own  
15 income tax returns;
- 16 (6) Violation of any provision of this chapter or of any  
17 rule adopted by the board;
- 18 (7) Violation of any provision of professional conduct  
19 established by the board under this chapter;
- 20 (8) Conviction of any crime an element of which is  
21 dishonesty or fraud, under the laws of the United



1 States, of this State, or of any other state if the  
2 act involved would have constituted a crime under the  
3 laws of this State;

4 (9) Performance of any fraudulent act while holding a  
5 license [~~or~~], permit, or practice privilege issued  
6 under this chapter; or

7 (10) Any conduct reflecting adversely upon the licensee's  
8 or permit or practice privilege holder's fitness to  
9 engage in the practice of public accountancy[~~-~~] while  
10 a licensee or individual granted practice privileges  
11 under section 466- .

12 (c) Upon application of any person against whom  
13 disciplinary action has been taken under subsection (a), the  
14 board, in accordance with chapter 91, may reinstate the person's  
15 license [~~or~~], permit, or practice privilege to practice which  
16 was affected by the disciplinary action.

17 (1) The board shall specify the manner in which an  
18 application shall be made, the time within which it  
19 shall be made, and the circumstances under which the  
20 license, permit, or practice privilege may be  
21 reinstated; and



- 1 (2) Before reinstating, the board may:
- 2 (A) Require the applicant to show successful
- 3 completion of specified continuing professional
- 4 education; and
- 5 (B) Make the reinstatement of a license [~~or~~], permit,
- 6 or practice privilege conditional and subject to
- 7 satisfactory completion of a peer review
- 8 conducted in a manner as the board may specify."

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

11 "**§466-10 Prohibited acts.** (a) Use of title "certified  
12 public accountant":

- 13 (1) Except as otherwise provided in subsection (d) [~~of~~
- 14 ~~this section~~], no person shall assume or use the title
- 15 or designation "certified public accountant" or the
- 16 abbreviation "CPA" or any other title, designation,
- 17 words, letters, sign, card, or device likely to be
- 18 confused with "certified public accountant" or "CPA"
- 19 or tending to indicate that the person is a certified
- 20 public accountant, unless the person holds a current
- 21 license of certified public accountant issued under





1           this chapter and a current permit to practice issued  
2           under this chapter[7] or has a practice privilege  
3           granted pursuant to section 466- ;

- 4           (2) No partnership or corporation shall assume or use the  
5           title or designation "certified public accountant" or  
6           the abbreviation "CPA" or any other title,  
7           designation, words, letters, abbreviation, sign, card,  
8           or device likely to be confused with "certified public  
9           accountant" or "CPA" or tending to indicate that such  
10          partnership or corporation is composed of certified  
11          public accountants, unless each of the partners of the  
12          partnership who are in the practice of public  
13          accountancy in this State[7] and whose principal place  
14          of business is in this State, or each of the  
15          shareholders of the corporation who are in the  
16          practice of public accountancy in this State[7] and  
17          whose principal place of business is in this State,  
18          holds a current license of certified public accountant  
19          issued under this chapter and a current permit to  
20          practice issued under this chapter; and



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

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

14 (1) Except as otherwise provided in subsection (d) [~~of~~  
15 ~~this section~~], no person shall assume or use the title  
16 or designation "public accountant" or the abbreviation  
17 "PA" or any other title, designation, words, letters,  
18 sign, card, or device likely to be confused with  
19 "public accountant" or "PA" or tending to indicate  
20 that the person is a public accountant unless the  
21 person holds a current registration of public



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



1 conjunction with names indicating or implying that  
2 there is a partnership or corporation, or in  
3 conjunction with the designation "and Company" or "and  
4 Co." or a similar designation if, in any case, there  
5 is in fact no bona fide partnership or corporation  
6 existing under the laws of this State.

7 (c) Representation of special knowledge:

8 (1) ~~No~~ Except as otherwise provided in subsection (d),  
9 no person shall sign or affix the person's name or any  
10 trade or assumed name used by the person in the  
11 person's profession or business with any wording  
12 indicating, suggesting, or implying that the person is  
13 an accountant or auditor, or with any wording  
14 indicating, suggesting, or implying that the person  
15 has special knowledge in accounting or auditing, to  
16 any opinion or certificate attesting in any way to the  
17 reliability of any representation or estimate in  
18 regard to any person or organization embracing:

19 (A) Financial information~~[7]~~ or attest service; or

20 (B) Facts respecting compliance with conditions

21 established by law or contract, including but not



1           limited to statutes, ordinances, regulations,  
2           grants, loans, and appropriations, [~~unless~~]  
3           unless the person holds a current license and a  
4           current permit to practice issued under this  
5           chapter[~~-~~]; and

6       (2) No person shall sign or affix a partnership or  
7       corporate name with any wording indicating,  
8       suggesting, or implying that it is a partnership or  
9       corporation composed of accountants or auditors or  
10      persons having special knowledge of accounting or  
11      auditing, to any opinion or certificate attesting in  
12      any way to the reliability of any representation or  
13      estimate in regard to any person or organization  
14      embracing:

15           (A) Financial information[~~-~~]; or

16           (B) Facts respecting compliance with conditions  
17           established by law or contract, including but not  
18           limited to statutes, ordinances, regulations,  
19           grants, loans, and appropriations,  
20           unless each of the partners of the partnership who are  
21           in the practice of public accountancy in this State



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

9           (d) Nothing contained in this chapter shall prohibit any  
10          person:

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

20           (2) Who holds a current license of public accountant  
21           issued under this chapter from assuming and using the



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

8 (3) Who holds a temporary practice permit issued under  
9 this chapter from using the title and designation  
10 under which the person is generally known in the  
11 [~~state or~~] country from which the person received a  
12 valid comparable certificate, registration, or license  
13 for the practice of public accountancy;

14 (4) Who qualifies for a practice privilege granted  
15 pursuant to section 466- from using the title and  
16 designation "certified public accountant" or the  
17 abbreviation "CPA" or from providing any service that  
18 may be performed by certified public accountants of  
19 this State without having to obtain a certificate or  
20 permit to practice; provided that the conditions  
21 prescribed under section 466- are satisfied;



1       ~~[(4)]~~ (5) Who is not a certified public accountant or  
2           public accountant from serving as an employee of, or  
3           an assistant to, a certified public accountant or  
4           public accountant; provided that the employee or  
5           assistant works under the control and supervision of a  
6           person who holds a current license of certified public  
7           accountant or of public accountant and a current  
8           permit to practice issued under this chapter; and  
9           provided further that the employee or assistant does  
10          not issue any statement or report over the person's  
11          name except office reports to the person's employer as  
12          are customary, and that the employee or assistant is  
13          not in any manner held out to the public as a  
14          certified public accountant or public accountant;

15       ~~[(5)]~~ (6) Who is an officer, employee, partner, or  
16          principal of any organization from signing or affixing  
17          the person's name to any statement or report in  
18          reference to the affairs of that organization;  
19          provided that in so signing or affixing the person's  
20          name the person shall clearly indicate that the person  
21          is an officer, employee, partner, or principal of the





1 organization, and the position, title, or office which  
2 the person holds therein;

3 ~~[(6)]~~ (7) Who is a public official or public employee from  
4 the performance of the person's duties as such; or

5 ~~[(7)]~~ (8) Who is an attorney at law from engaging in  
6 practice as such.

7 (e) Notwithstanding any law to the contrary, it is not a  
8 violation of this section for a firm that does not hold a valid  
9 permit under section 466-7 and does not have an office in this  
10 State to use the title "certified public accountant" or the  
11 abbreviation "CPA" as part of the firm's name to provide  
12 professional services in this State and its licensees and  
13 individuals to provide services on behalf of the firm; provided  
14 that the firm complies with section 466-7(d)(2) or (3), as  
15 applicable. An individual or firm authorized under section  
16 466- to exercise practice privileges in this State shall  
17 comply with applicable licensee requirements under section  
18 466- ."

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

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



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

8           (c) ~~[Any]~~ Except for firms exempt from the permit  
9 requirement pursuant to section 466-7(d)(2) or (3), any firm  
10 that begins performing Hawaii attest work after December 31,  
11 2014, shall:

12           (1) Notify the board within thirty days of the beginning  
13           of the performance of attest work;

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

18           (3) Provide the board with enrollment information within  
19           one year of the date the Hawaii attest work was first  
20           performed;



- 1           (4) Have a peer review performed within eighteen months of
- 2                   the date the Hawaii attest work was first performed;
- 3           (5) Adopt the peer review due date assigned by the
- 4                   sponsoring organization and notify the board of the
- 5                   peer review due date within thirty days of its
- 6                   assignment; and
- 7           (6) Schedule and begin an additional review within three
- 8                   years of the previous review's due date, or earlier if
- 9                   required by the sponsoring organization or the board;
- 10                  provided that the firm shall be responsible for
- 11                  anticipating its needs for peer review services in
- 12                  sufficient time to enable the reviewer to complete the
- 13                  review by the assigned review due date.
- 14           (d) A firm that does not perform Hawaii attest work or is
- 15 exempt from the permit requirement pursuant to section 466-
- 16 7(d)(2) or (3) shall be exempt from the peer review process."
- 17           2. By amending subsection (i) to read:
- 18           "(i) [~~An~~] Except for a firm exempt from the permit
- 19 requirement pursuant to section 466-7(d)(2) or (3), an out-of-
- 20 state firm performing Hawaii attest work shall comply with this
- 21 part."



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

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

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



1 to enroll in another peer review program under section  
2 466-34."

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

5 "(a) A firm that is required to undergo a peer review  
6 under this chapter and is not exempt from the permit requirement  
7 pursuant to section 466-7(d)(2) or (3) shall engage the services  
8 of a practitioner or firm holding a permit issued under section  
9 466-7 to perform the following procedures to supplement the peer  
10 review report:

- 11 (1) Obtain from the reviewed firm a list of Hawaii attest  
12 engagements included in the scope of the peer review,  
13 in accordance with the American Institute of Certified  
14 Public Accountants Standards for Performing and  
15 Reporting on Peer Reviews;
- 16 (2) Select one or more engagements from the list of  
17 engagements obtained from the reviewed firm;
- 18 (3) Obtain from the reviewed firm, the reports, financial  
19 statements, work papers, and work product resulting  
20 from the attest engagements selected;



1 (4) Read and compare the reports, work papers, and work  
2 product to an appropriate disclosure checklist to  
3 evaluate the firm's compliance with professional  
4 standards; and

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

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

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

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

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

20 (3) A copy of any report or Part I and any other public  
21 portion of the report resulting from any inspection by



1 the public company accounting oversight board firm  
2 inspection program together with documentation of any  
3 significant deficiencies, findings, and the firm's  
4 response."

5 SECTION 11. Statutory material to be repealed is bracketed  
6 and stricken. New statutory material is underscored.

7 SECTION 12. This Act shall take effect on July 1, 2023;  
8 provided that this Act shall be repealed on June 30, 2025, and:

- 9 (1) The definitions of "attest" and "report" in section  
10 466-3, Hawaii Revised Statutes; and  
11 (2) Sections 466-7, 466-9, 466-10, 466-34(b), (c), (d),  
12 and (i), 466-35(b), 466-36(a), and 466-38(a), Hawaii  
13 Revised Statutes,  
14 shall be reenacted in the form in which they read on the day  
15 before the effective date of this Act.



**Report Title:**

Certified Public Accountants; Board of Public Accountancy;  
Practice Privilege; Substantial Equivalency

**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 practice privilege to the regulatory and enforcement jurisdiction of the board of public accountancy. Sunsets 6/30/2025. (HD1)

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