

**Testimony of the Board of Public Accountancy**

**Before the  
House Committee on Consumer Protection & Commerce  
Tuesday, February 28, 2023  
2:00 p.m.  
Room 329 and Via Videoconference**

**On the following measure:  
H.B. 797, RELATING TO OCCUPATIONAL LICENSURE**

Chair Nakashima and Members of the Committee:

My name is Lee Ann Teshima, and I am the Executive Officer of the Board of Public Accountancy (Board). The Board opposes 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; and (2) subject all holders of a practice privilege to the regulatory and enforcement jurisdiction of the board of public accountancy.

The Board has consistently opposed similar legislation and opposes this measure for the following reasons:

This bill creates a new section in chapter 466, Hawaii Revised Statutes (HRS), which allows individuals whose principal place of business is not in this State but who hold a valid license in another state with substantial equivalent licensure requirements to have a privilege to practice in this State without a Hawaii CPA license or permit-to-practice. The individual who has been granted practice privileges under this section would be able to practice without an accountancy firm that has a permit issued under HRS section 466-7(d), as long as the individual does not perform a financial statement audit, an examination of prospective financial information, or an engagement performed in accordance with the Public Company Accounting Oversight Board's auditing standards. This unlicensed privilege to practice removes protections from Hawaii consumers.

The Board is also concerned with the absence of requirements to notify consumers that the work requiring a Hawaii license is being performed by an individual

exercising a “practice privilege” in the State without first being licensed by the Board. 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 by its effects on consumer protection versus convenience to practice.

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 28, 2023 at 2:00 p.m. Conference Room 329 State Capitol

#### Re: Strong Opposition to HB 797 Relating to Occupational Licensure

##### Chair Nakashima, Vice Chair Sayama, 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 over 450 members, consisting primarily of small to mid-sized CPA firm owners and employees who are in the active practice of public accountancy.

My name is Marilyn M. Niwao, M.S.P.H., J.D., CPA, and I am State President of the Hawaii Association of Public Accountants. I am a Hawaii licensed CPA and Attorney and State President of the Hawaii Association of Public Accountants. I am a principal of 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 State President of the Hawaii Association of Public Accountants, while drawing upon my knowledge obtained while serving in the above positions.

**HAPA strongly opposes HB 797 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 797 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 being promoted here.

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 Hawaii 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 797 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.<sup>1</sup> To help remedy the situation, the Hawaii State Tax Director at the time requested that the Board of Public Accountancy add a requirement that Hawaii GET license numbers be required of all CPA firms practicing in Hawaii. This requirement was added as a minimalist way to inform out-of-state CPA practitioners that Hawaii had a Hawaii General Excise tax law where taxes are due on service income and other types of business income.<sup>2</sup> Unfortunately, HB 797 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

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

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

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 current rules requiring an out-of-state 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 742 out-of-state and foreign CPAs who have obtained Hawaii permanent licenses and permits as of September 2022. Hawaii would lose a significant amount of license and permit fee revenue if HB 797 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 27% 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, as evidenced by the number of Hawaii-licensed CPAs from out-of-state.

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 another state or 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.

HB797 will also reduce the Board's current control of 742 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 797 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 797 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 797 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.<sup>3</sup> Otherwise, the Hawaii CPAs 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, tax and fee revenues, and protect Hawaii’s consumers by voting NO to HB 797 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; niwao@mauicpa.com. Thank you for considering the above.

Respectfully submitted,

*Marilyn M. Niwao*

**Marilyn M. Niwao, M.S.P.H., J.D., CPA, CGMA  
State President, Hawaii Association of Public Accountants**

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

TO: Chair Mark Nakashima; Vice Chair Jackson Sayama; and Committee

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

RE: HB 797 RELATING TO OCCUPATIONAL LICENSURE

POSITION: Strong Support

Thank you for the opportunity to submit testimony in strong support of HB 797. 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 797 would give small businesses access to out of state CPA's to help fill the gap.

HB 797 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](mailto:ahong@islandplasticbags.com) or by phone at 808-484-4046.

Sincerely,

Adrian K. Hong, CPA

President

Island Plastic Bags, Inc.

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

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

**HB-797**

Submitted on: 2/25/2023 1:57:55 PM

Testimony for CPC on 2/28/2023 2:00:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Carleton L. Williams	CW Associates, CPAs	Support	Written Testimony Only

Comments:

I am strongly in support of HB 797 Relating to Accountancy Licensure and urge you to support the legislation such that Hawaii can catch up to the rest of the nation.

Carleton L. Williams, Founding Partner, CW Associates, CPAs



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

*Certified Public Accountants, A Professional Corporation*

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**Committee on Consumer Protection & Commerce  
Tuesday, February 28, 2023 at 2:00 p.m.  
Conference Room 329  
State Capitol**

**Re: Opposition to HB 797 Relating to Occupational Licensure**

Chair Nakashima, Vice Chair Sayama, and Committee Members:

I am a certified public accountant and a principal with the firm of Niwao & Roberts, CPAs a P. C. on Maui. I am also a member of the State of Hawaii Board of Public Accountancy (Board). My testimony in strong opposition to HB 797 is submitted solely in my capacities as a CPA and a principal of a Hawaii-based CPA firm and not as a representative of the Board.

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

**HAWAII CAN ILL AFFORD TO LOSE ONE MORE JOB TO OUTSOURCING.**

By exempting mainland and foreign CPAs from the Hawaii licensing fee and notice requirements facing Hawaii-based CPAs and their firms, mainland and foreign CPAs will be able to avoid the higher cost of Hawaii's office rents and mandated employee benefits. Occupancy costs and payroll/benefits are the two largest costs for a Hawaii-based CPA firm. HB 797 will create an uneven playing field rewarding mainland and foreign-based firms for basing their employees outside of Hawaii.

**CAPITAL AND LABOR ARE FLUID.**

In order to mitigate the competitive price advantage HB 797 will give mainland and foreign CPAs and their firms, Hawaii-based firms will be forced to shift their own operations and staffing to outside of Hawaii in order to compete in the Hawaii market. For example, my firm does not outsource its work to the mainland or to foreign countries as a matter of policy even though we presently have the technology in place to do so at substantial cost savings. If HB 797 passes, we will be forced to pursue contingency

plans for this scenario, starting with opening an office outside of Hawaii and replacing future local hires with significantly less expensive employees based elsewhere.

The ripple effect of Hawaii-based firms shifting work to the mainland or to foreign countries will be significant. Office occupancy rates will fall further than they already have just as the economy struggles to emerge from the Covid environment. Hawaii contractors will have less work making periodic leasehold improvements. Less payroll taxes and GET will be due to Hawaii's Department of Taxation. Future graduates from Hawaii's college and universities will have to leave Hawaii and seek employment elsewhere. In fact, it might become difficult to justify maintaining Schools of Accountancy at local colleges and universities after HB 797 pulls the plug on local demand for their graduates.

### **HAWAII CAN ILL AFFORD TO LOSE ONE MORE TAX DOLLAR.**

The Hawaii Association of Public Accountants (HAPA) conducted two landmark studies revealing widespread tax non-compliance by out-of-state based CPA firms working in Hawaii.<sup>1</sup> These studies revealed that approximately 70% of outside CPA firms whose owners and/or employees obtained a temporary permit to practice in Hawaii did not obtain Hawaii General Excise Tax (GET) license numbers. (These firms only obtained GET license numbers sometime later after they were identified and warned of their noncompliance.) Therefore, those out-of-state CPA firms were not paying their fair share of Hawaii taxes. As documented in HAPA's follow-up study, tax compliance rates for out-of-state CPA firms licensed in Hawaii skyrocketed once the Hawaii Board of Public Accountancy implemented procedures forcing these out-of-state firms to obtain and provide their GET numbers as part of the application process.

### **NOTICE = TAX COMPLIANCE.**

No similar studies have been conducted in any other state to my knowledge. The combination of the State of Hawaii's public database for GET licenses combined with its Office of Information Practices law made it possible for HAPA to obtain and compare information from different Hawaii databases to perform the two studies. These unique circumstances may not exist in other states, so it is impossible to evaluate changes in tax compliance in other states resulting from their CPA Mobility "No Notice, No Fees" legislation. Nonetheless, the old saying, "When the cat's away, the mice will play," remains valid. Remove the current notice requirements for out-of-state CPAs practicing in Hawaii, and tax revenues will once again disappear.

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<sup>1</sup> The HAPA Studies are available at <https://hawaiiassociationofpublicaccountants.com/Advocacy>

## HOW MANY MAINLAND AND FOREIGN CPAS ARE ENOUGH?

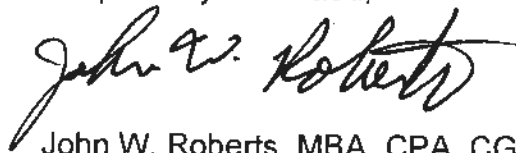
According to the State of Hawaii *Geographic Report* (Current Licenses) as of September 24, 2022, prepared by the Department of Commerce and Consumer Affairs Professional and Vocational Licensing Division, there are 730 mainland-based and 12 foreign-based CPAs licensed in Hawaii.<sup>2</sup> That means that 27.7% of all regular Hawaii CPA license holders are based outside of Hawaii. Similarly, the *Geographic Report* shows 134 mainland and foreign-based CPA firms held Hawaii firm permits to practice. That is over 18% of all CPA firms licensed to practice in Hawaii. The above does not include the number of individual out-of-state CPAs receiving temporary permits to practice in Hawaii. Together, the licensing fees paid by mainland and foreign-based CPA license holders represent substantial revenue to fund the consumer protection services of the DCCA.

The preamble of HP 797 implies that Hawaii's consumers suffer from a lack of access to superior technical competencies held by mainland and foreign-based CPAs and their firms. This unsupported assertion is outrageously offensive, implying Hawaii-based CPAs are less educated, experienced, intelligent, and competent than their mainland or foreign-based competitors. When the latest *Geographic Report* data is viewed in aggregate, it is clear from the percentages that Hawaii consumers already have ample access to mainland and foreign CPAs.

There are numerous other serious problems with HB 797 undermining consumer protection in Hawaii and providing preferential treatment to out-of-state CPAs and their firms – too many to present in a readily readable written testimony. Should any members of this Committee wish to discuss them, I am available to respond to your questions at your convenience.

In closing, I urge this Committee to vote no to HB 797 for the above reasons.

Respectfully submitted,



John W. Roberts, MBA, CPA, CGMA

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<sup>2</sup> DCCA PVL *Geographic Report* as of September 24, 2022 is available at <https://cca.hawaii.gov/pvl/files/2022/10/WebGEO-RptHoala-092422.pdf>

**HB-797**

Submitted on: 2/27/2023 6:26:50 AM

Testimony for CPC on 2/28/2023 2:00:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Mark McComb	KPMG LLP	Support	Written Testimony Only

Comments:

We are experiencing a talent shortage and are struggling unnecessarily to service our local clients due to redundant licensing regulations and untimely regulatory processes. Hawaii is the only state in the US that has such a cumbersome process for existing CPAs to obtain the privilege to practice public accountancy. Becoming more aligned with the other states will also facilitate Hawaii CPAs in servicing clients in other states. We support this legislation.

Hello, Mr. Chairman and members of the committee.

I am writing you today in support of HB 797.

My name is Taylor Lee and I have been a practicing CPA in Hawaii for 4 years. I am a Tax Manager for the Honolulu office of Ernst & Young LLP. As a firm, we employ roughly 50 individuals in Hawaii, including 35 licensed CPAs.

Many of our CPAs serve individual and business clients who have locations and operations in multiple states and compliance responsibilities that span multiple jurisdictions. These businesses need their Hawaii CPA to be able to practice in other states.

On the other side of the coin, consumers and businesses in Hawaii should be able to receive timely services from the CPA best suited to the job, regardless of location, and without the hindrances of unnecessary forms, fees, and filings.

At a time when the CPA profession, like many others is fighting the growing battle for talent we're seeing the pipeline of accounting students stagnate. The number of U.S. students who completed a bachelor's degree in accounting declined nearly 9% to about 52,500 in 2020, down from almost 57,500 in 2012, according to the Association of International Certified Professional Accountants. Recent articles in the Wall Street Journal indicate that further declines have occurred through 2022.

As the pipeline of CPAs is shrinking and the world is getting smaller due to technology and the advance of digital tools, companies are leaning on access to CPAs who specialize in their specific needs. Hawaii individuals and businesses should have the choice to engage CPAs which fit their need and by not allowing for CPA reciprocity in Hawaii contributes to the challenging business environment in Hawaii that we all hear about.

House Bill 797 would allow for Hawaii's citizens and businesses to have access to best-in-class services while the CPA profession continues to evolve to attract and retain more workers in their field. Hawaii needs to take advantage of this opportunity to protect and best serve its residents.

Thank you,

A handwritten signature in black ink, appearing to read "Taylor M. Lee". The signature is fluid and cursive, written in a professional style.

Taylor Lee, CPA

Hello, Mr. Chairman and members of the committee.

I am writing you today in support of SB727 and HB797.

My name is Joyce Pang and I have been a practicing CPA in Hawaii for 2 years. I am currently a tax staff at the Honolulu office of Ernst & Young LLP.

Many of our CPAs serve individual and business clients who have locations and operations in multiple states and compliance responsibilities that span multiple jurisdictions. These businesses need their Hawaii CPA to be able to practice in other states.

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House Bill 797 would allow for Hawaii's citizens and businesses to have access to best-in-class services while the CPA profession continues to evolve to attract and retain more workers in their field. Hawaii needs to take advantage of this opportunity to protect and best serve its residents.

Thank you,

Joyce Pang, CPA

Hello, Mr. Chairman and members of the committee.

I am writing you today in support of HB 797.

My name is Kiana Nakamura and I have worked in public accounting in Hawaii for 1 year. I am a staff of the Honolulu office of Ernst & Young LLP. As a firm, we employ roughly 50 individuals in Hawaii, including 35 licensed CPAs.

Many of our CPAs serve individual and business clients who have locations and operations in multiple states and compliance responsibilities that span multiple jurisdictions. These businesses need their Hawaii CPA to be able to practice in other states.

On the other side of the coin, consumers and businesses in Hawaii should be able to receive timely services from the CPA best suited to the job, regardless of location, and without the hindrances of unnecessary forms, fees, and filings.

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House Bill 797 would allow for Hawaii's citizens and businesses to have access to best-in-class services while the CPA profession continues to evolve to attract and retain more workers in their field. Hawaii needs to take advantage of this opportunity to protect and best serve its residents.

Thank you,

Kiana Nakamura

February 27, 2023

Hello, Mr. Chairman and members of the committee.

I am writing you today in support of HB 797.

My name is Joan Anderson and I have been a practicing CPA in Hawaii for 5 years. I am the Managing Director in the tax department of the Honolulu office of Ernst & Young LLP. As a firm, we employ roughly 50 individuals in Hawaii, including 35 licensed CPAs.

Many of our CPAs serve individual and business clients who have locations and operations in multiple states and compliance responsibilities that span multiple jurisdictions. These businesses need their Hawaii CPA to be able to practice in other states.

On the other side of the coin, consumers and businesses in Hawaii should be able to receive timely services from the CPA best suited to the job, regardless of location, and without the hindrances of unnecessary forms, fees, and filings.

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House Bill 797 would allow for Hawaii's citizens and businesses to have access to best-in-class services while the CPA profession continues to evolve to attract and retain more workers in their field. Hawaii needs to take advantage of this opportunity to protect and best serve its residents.

Thank you,

A handwritten signature in cursive script that reads "Joan K. Anderson".

Joan Anderson, CPA





HAWAII SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS

House Committee on Consumer Protection & Commerce  
Tuesday, February 28, 2023  
Conference Room 329 – 2:00 p.m.

## IN STRONG SUPPORT OF HB 797

Dear Chair Nakashima, Vice Chair Sayama, and Committee Members:

I am Ryan Suekawa, president of the board of directors of the Hawaii Society of CPAs (HSCPA), the only professional CPA association in Hawaii serving members in business & industry, public practice, government and academia. For over a decade, the HSCPA, its Board of Directors and the vast majority of its CPA members have supported this measure.

The CPA profession's shortage of talent has been exacerbated by the pandemic and Hawaii's high cost of living. 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. Adopting this measure assists in creating economic and job opportunities in Hawaii, and gives Hawaii businesses more choices to assist with their financial needs. Most importantly, the Hawaii Board of Public Accountancy would gain automatic jurisdiction over ALL CPAs practicing in Hawaii, and will enable the Board to discipline out-of-state CPAs.

HB 797 would encourage and promote innovation and will expand access to high-quality financial services to consumers and businesses in Hawaii. Of the 55 CPA jurisdictions in the U.S., Hawaii is the only state and jurisdiction without this practice privilege.

Please support HB 797.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'R. Suekawa', is positioned below the text 'Respectfully submitted,'.

Ryan Suekawa, President  
HSCPA Board of Directors

**HB-797**

Submitted on: 2/26/2023 8:32:28 AM

Testimony for CPC on 2/28/2023 2:00:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Darryl Nitta	Individual	Support	Remotely Via Zoom

Comments:

The small, local CPA firm that I oversee is struggling to keep up the demand for tax preparation. Many CPAs have retired since covid and there is a talent shortage statewide. By having a sensible licensure process, this will enable us to adequately service the people of Hawaii and our community by having enough staffing to timely meet compliance deadlines.

**Ronald I. Heller**

260 Kailua Road  
Kailua, Hawaii 96734

phone 808 523 6000 fax 808 523 6001  
e-mail: rheller@Hawaii.edu

Before the House Committee on Consumer Protection & Commerce

Tuesday, Feb. 28, 2023 at 2:00 pm  
Conference Room 329

**Testimony of Ronald I. Heller**

**In Support of HB 797  
Relating to Public Accountancy**

Chair Nakashima, Vice Chair Sayama, and Members of the Committee:

I'm here to ask you to vote in favor of House Bill 797. This bill would give Hawaii residents and local businesses more flexibility in choosing the CPA who best meets their needs. At the same time, it would give the Hawaii State Board of Accountancy clear jurisdiction over out-of-state CPAs practicing in Hawaii.

In our interconnected online economy, many CPAs are effectively practicing across state lines. It is not unusual for a CPA to have clients with property or business operations in more than one state, requiring two or more state tax returns. Many states used to require lengthy applications and fees, which were a barrier to serving clients. Placing extra burdens on CPAs means placing extra cost on their clients. In order for CPAs to offer fast and efficient service to clients nationwide, restrictive barriers to interstate practice for CPAs have already been eliminated in every other state, and should be eliminated in Hawaii.

At the same time, we need to ensure that the public is adequately protected. This bill also ensures that the Hawaii State Board of Public Accountancy would have the ability to discipline a CPA from another state, if necessary. Without this bill, our State Board of Accountancy has no effective power over CPAs from other states, even when they practice in Hawaii.

Similar legislation has already been passed in every other U.S. state, and experience across the country shows that it works – states that initially had sunset provisions in their law have been renewing this type of legislation. No state has allowed it to sunset. Significantly, all across the country, in red states and blue states, bigger states and smaller states, this approach is working.

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

Respectfully submitted,

*Ron Heller*

Ronald I. Heller

**HB-797**

Submitted on: 2/27/2023 10:51:34 AM

Testimony for CPC on 2/28/2023 2:00:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Wendell K. Lee	Individual	Support	Remotely Via Zoom

Comments:

I am in support of this bill. Currently, many CPAs practice remotely as there is an acute shortage of CPAs in our state. These out-of-state CPA's practice in our state, but our state has no jurisdiction over bad players in the industry.

This bill will allow state authorities such as the Hawaii State Board of Accountancy to have jurisdiction over these bad practitioners to at least ban them from practicing in the State of Hawaii or report them to their out-of-state board.

It is as if they can drive in our state, but our police have no jurisdiction over them if they break the law. When there is no jurisdiction over these "bad practitioners" they take on riskier tax positions in our state that leads to fraud and reduced tax collections.

Sincerely,

Wendell K. Lee

Hawaii CPA since 1992.

**HB-797**

Submitted on: 2/24/2023 8:56:28 PM

Testimony for CPC on 2/28/2023 2:00:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Mieko Gooch	Individual	Support	Written Testimony Only

Comments:

I obtained the CA CPA license in 2012, and I have been working at the public accounting firms since 2009. I now practice in Hawaii (total 8 years), but I can't get my license transfer because my CA license was terminated back in 2017 when I transferred my license to CO when I moved. I now have a valid CO CPA license. I have been practicing over 13 years, but the document can't satisfy the Hawaii 10 years rule. Therefore, I just sit and wait for another 4 more years to pass in order for me to apply the Hawaii CPA license.

This is a unified exam; therefore, it should be transferrable to the state.

**Frederick W. (Rick) Gundlach, Esq., CPA**  
Kamicho 861-1-203  
Narita City, Chiba Prefecture  
JAPAN 286-0032

February 24, 2023

To the Hawaii House Committee on Consumer Protection and Commerce  
Re: Opposition to HB 797, Relating to Public Accountancy

Chair Nakashima, Vice Chair Sayama, and Committee Members:

I am **CONDITIONALLY OPPOSED** to HB797.

I am a Hawaii licensed CPA, who is also licensed in Pennsylvania and New Jersey. I am a lawyer who is a member of the bar in Pennsylvania and New Jersey. My practice, though, is mostly focused in tax. And I do this from Japan, where I have provided services for US expats and Japanese who have US tax reporting obligations.

I have testified before you before on previous mobility bills, and so I do not want to repeat exactly everything what has been offered as testimony against the mobility bills of the previous sessions. I believe that testimony is accessible online.

Whenever these CPA mobility bills are proposed in Hawai'i, what is usually pointed out is that other states have enacted mobility. But it's never pointed out that these states (except Alaska) are contiguous. The mobility amendments have been passed, because it was unfair for one neighboring state's CPAs to have to go through an administrative process to provide CPA services a few miles away in the same metropolitan area. That other CPA is easily **nailed**, if they start doing things against the neighboring states' tax laws.

Hawai'i is different. It is a state separated by the Pacific Ocean. So the whole mobility debate is about whether you want to cede Hawai'i jurisdiction to whatever "fly ins" show up and do business in Hawai'i. Or, give it over to the internet, which, frankly, is a giant fraud machine when it comes to tax compliance. It is the place people go to, to cheat on taxes.

If you don't have locally based CPAs, who are knowledgeable about Hawai'i taxes and protected from unfair competition, i.e. people who just "ghost practice" in Hawai'i, then you will lose your GET revenue and have to spend more money auditing state returns. Part of the unfair competition against the Hawai'i community is how easy it is to cheat via the internet. Out-of-state cheaters *will* become dominant in your tax preparation in the state. No one will use your local, brick-and-mortar businesses, because they can have the tax compliance forms filed by a ghost preparer, someplace off the islands, who won't know the client or if the client is square. But that non-Hawai'i preparer will gladly take his or her fee.

In the preamble to this 2023 version of a mobility bill, I agree about the part of the bill that Hawai'i doesn't enforce its own current laws. I was surprised last summer to learn that RICO does not enforce your current statute. In fact, they make elaborate excuses **not** to.

I offer this example: Last year, at an accounting convention for an accountants' society in the state, I was handed a business card by a professional who was **not** a CPA in Hawai'i. In the quaint terms of long ago--say, 1990--he was "holding out" as a CPA, soliciting business in your state. A misdemeanor. Didn't pay the licensing fee. Didn't even file for a license. Probably isn't paying any Hawai'i GET tax on the business he now uses the internet from Maryland to enjoy.

This activity is a *prima facie* violation of your accountancy statute. But the RICO "enforcer", Bree Kunishima, Esq., wrote to tell me that RICO would not pursue the matter. And so, in effect, your accountancy statute a dead-letter statute. Any other state CPA can already come in and practice in Hawai'i. They don't have to hide behind the internet. They can do it out in the open, like professional public nudity. RICO won't do anything. And, in fact, if you research RICO enforcement of the statute, you'll find there is none in the last several years when it comes to "fly ins". And also, even, to State Representatives who hold out as CPAs without paying Hawai'i's licensing fees, like the Hon. Dale Kobayashi in the state House of Representatives.

In New Jersey, where I am also licensed, regulated industries are sourced under the Attorney General of the state---not the Department of Commerce. Your problem is that you don't have DCCA under the Hawai'i Attorney General, bringing enforcement actions. It's not that you don't have mobility, which is a

convenience to big auditing firms and smaller ones who want to hire their friends or cronies on the mainland, with no fee to Hawai'i.

When I look at the incident of last year, it makes me feel like I want my \$537 back! A \$300+ license fee, and a separate \$200+ fee for my sole-member LLC to do business in Hawai'i. (And I've done this for several years now, like a fool!) Put a refund clause in the statute! Why should I be stuck paying to hold out in your state, when your own State Representative colleague doesn't do it? And you let fly-ins show up and solicit business, and you don't chase them.

Have a clause in this statute that refunds ALL the money back to the out-of-state "sucker" CPAs who have all been playing by the rules while your state's RICO has treated the current accountancy statute as a dead letter, while taking home paychecks every month that supposedly are funded from the \$500+ dollars all the out-of-state CPAs pay in every two years. **I want my money back!** It's like a swindle. It is like every time Hawaii sees an outsider, they treat them like it is the tourist trade, and try to squeeze them for every last dollar before the plane leaves. The juiciest fruit to squeeze on all of Hawai'i, is my new phrase.

I pay a licensing fee for enforcement, and then you hire someone to tell me that they don't have the care or the resources to chase people who flout your laws.

You should refund everybody, of the 700+ out-of-state CPAs who file for the Hawai'i license. For all the years that you let fly-ins in.

When mobility-favoring companies testify before you about not being able to access the "quality" CPAs or specialized CPAs on the mainland for their businesses, I will tell you: there are over 700 of us out-of-staters who follow your rules, but we don't get the calls. And so, I can only conclude, that those testifiers are people who wanted to bring a friend or crony in, but were inconvenienced by the state's law. I mention about Representative Kobayashi "holding out" as a CPA, simply because he worked for a large accounting firm 35 years ago, and the one accounting society learned that he stopped registering and paying his fees in many years ago.

Local control of the profession is critical. Notice that no one involved in this law is also proposing that the plumbers, electricians, beauticians of Hawai'i also not be directly licensed by the state. And for them, that any **other** state's licensing of these skilled professionals should be acceptable to Hawai'i. Right? I bet RICO



does more enforcement against plumbers in Nanakuli or haircutters in Wailuku who didn't pay the fees and follow the rules than they do accountants. Is it a class thing, where accountants are what used to be called white-collar workers, and so their good intentions are above questioning? Mobility should be for all professions, if it's going to be for just the one. Just fly into Hawai'i, and do your thing. Shame you can't go back and just be a territory, instead of a state.

The internet, and non-enforcement of administrative laws, are wrecking good government everywhere. Each month, I learn a new scandal in Japan involving the US government's failure to enforce administrative laws. The IRS never asks a tax return from American non-filers in Japan. They easily renew their passports, and get treated as "one of us", even though they see us, again, as "suckers" following the rules, while they skirt the rules.

I learned that *even* US Green Card holders in Japan DON'T file, and the USCIS or State Department--or whoever is supposed to ask for proof of US tax returns---NEVER asks for them. They just process the renewal. No local enforcement. No one ever bothers to check, on the ground, why things aren't being done right. It's all outsourced *as someone else's responsibility*. (Now that I know this, I am so surprised no one has asked USCIS or State why they never check to see if both the federal *and* state tax returns were filed for Green Card renewers. The Green Card holder is supposed to have a special reason for being outside the country, at that!)

So, no one does their jobs in the enforcement wing. They act like getting some cheater upset is going to reflect poorly on their performance as government workers.

The obvious solution for Hawai'i is to use the internet for the things the internet is good at: reform your temporary licensure program to make it easy for someone to come in online, pay the fee, and practice for a short period. And after that, you need to go to the lawyer princes and princesses at your RICO, and ask if they would deign to stand up for the laws of the state, when they are presented with clear evidence that people in *any* profession are practicing without a license. Otherwise, I recommend you put RICO and all the work directly under the Attorney General, like in New Jersey. Not the state's department of commerce--with "consumer protection" in the name as an add-in.

I realize that, inevitably, Hawai'i may succumb to the Big Four accounting firm push---via their agents the AICPA and its big money lobbyists in high-rise downtown Honolulu---and allow fly-in and internet practicing of accounting in Hawai'i. And it will save me \$537. But it is going to be one further setback in the degradation of how our laws are not enforced and our regulations not administered.

Sad.

Respectfully submitted,

Frederick W. (Rick) Gundlach, Esq. CPA

Narita City, JAPAN

Member of the Bar, Pennsylvania and New Jersey (inactive)

Certified Public Accountant, Pennsylvania, New Jersey and Hawaii

Hello, Mr. Chairman and members of the committee.

I am writing you today in support of HB 797.

My name is Mike Ching and I have been a practicing CPA in Hawaii for 30 years. I am the managing partner of the Honolulu office of Ernst & Young LLP. As a firm, we employ roughly 50 individuals in Hawaii, including 35 licensed CPAs.

Many of our CPAs serve individual and business clients who have locations and operations in multiple states and compliance responsibilities that span multiple jurisdictions. These businesses need their Hawaii CPA to be able to practice in other states.

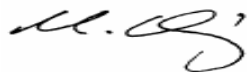
On the other side of the coin, consumers and businesses in Hawaii should be able to receive timely services from the CPA best suited to the job, regardless of location, and without the hindrances of unnecessary forms, fees, and filings.

At a time when the CPA profession, like many others is fighting the growing battle for talent we're seeing the pipeline of accounting students stagnate. The number of U.S. students who completed a bachelor's degree in accounting declined nearly 9% to about 52,500 in 2020, down from almost 57,500 in 2012, according to the Association of International Certified Professional Accountants. Recent articles in the Wall Street Journal indicate that further declines have occurred through 2022.

As the pipeline of CPAs is shrinking and the world is getting smaller due to technology and the advance of digital tools, companies are leaning on access to CPAs who specialize in their specific needs. Hawaii individuals and businesses should have the choice to engage CPAs which fit their need and by not allowing for CPA reciprocity in Hawaii contributes to the challenging business environment in Hawaii that we all hear about.

House Bill 797 would allow for Hawaii's citizens and businesses to have access to best-in-class services while the CPA profession continues to evolve to attract and retain more workers in their field. Hawaii needs to take advantage of this opportunity to protect and best serve its residents.

Thank you,

A handwritten signature in black ink, appearing to read "M. Ching", with a stylized flourish at the end.

Mike Ching, CPA

**HB-797**

Submitted on: 2/27/2023 8:16:35 AM

Testimony for CPC on 2/28/2023 2:00:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Gordon Tom	Individual	Support	Written Testimony Only

Comments:

I **support** HB797 to regulate out-of-state CPAs practicing accountancy in Hawaii. This bill will eliminate the artificial barriers to interstate practice, while at the same time maintaining the regulatory system that ensures adequate protection of the public. In today's post-pandemic, virtual world economy, consumers and businesses in Hawaii should be able to receive timely services from the CPA best suited to the job, regardless of location, and without the hindrances of unnecessary forms, fees, and filings.

Many states used to require lengthy applications and fees which became an unnecessary barrier to serving customers and businesses. Every other state in the country has eliminated these barriers. Hawaii is the only state in the nation remaining that does not have similar legislation in place.

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

**Committee on Consumer Protection and Commerce**  
**Tuesday, February 28, 2023 at 2:00 p.m.**  
**Conference Room 329**  
**State Capitol**

**Re: Strong Opposition to HB 797 Relating to Occupational Licensure**

**Chair Nakashima, Vice Chair Sayama, and Committee Members:**

My name is Eric H. Matsuda, CPA, and I am a local CPA. I am strongly against HB 797 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.

**I urge 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

Hello, Mr. Chairman and members of the committee.

I am writing you today in support of HB 797.

My name is Megan Hackett and I have been a practicing CPA in Hawaii for 10 years. I work at the Honolulu office of Ernst & Young LLP. As a firm, we employ roughly 50 individuals in Hawaii, including 35 licensed CPAs.

Many of our CPAs serve individual and business clients who have locations and operations in multiple states and compliance responsibilities that span multiple jurisdictions. These businesses need their Hawaii CPA to be able to practice in other states.

On the other side of the coin, consumers and businesses in Hawaii should be able to receive timely services from the CPA best suited to the job, regardless of location, and without the hindrances of unnecessary forms, fees, and filings.

At a time when the CPA profession, like many others is fighting the growing battle for talent we're seeing the pipeline of accounting students stagnate. The number of U.S. students who completed a bachelor's degree in accounting declined nearly 9% to about 52,500 in 2020, down from almost 57,500 in 2012, according to the Association of International Certified Professional Accountants. Recent articles in the Wall Street Journal indicate that further declines have occurred through 2022.

As the pipeline of CPAs is shrinking and the world is getting smaller due to technology and the advance of digital tools, companies are leaning on access to CPAs who specialize in their specific needs. Hawaii individuals and businesses should have the choice to engage CPAs which fit their need and by not allowing for CPA reciprocity in Hawaii contributes to the challenging business environment in Hawaii that we all hear about.

House Bill 797 would allow for Hawaii's citizens and businesses to have access to best-in-class services while the CPA profession continues to evolve to attract and retain more workers in their field. Hawaii needs to take advantage of this opportunity to protect and best serve its residents.

Thank you,

A handwritten signature in black ink that reads "Megan B Hackett". The signature is written in a cursive, flowing style.

Megan Hackett, CPA

Hello, Mr. Chairman and members of the committee.

I am writing you today in support of HB 797 / SB 727.

My name is Nathan Lee and I have been a practicing CPA in Hawaii for almost 15 years. I am a managing director in the Honolulu office of Ernst & Young LLP. As a firm, we employ roughly 50 individuals in Hawaii, including 35 licensed CPAs.

Many of our CPAs serve individual and business clients who have locations and operations in multiple states and compliance responsibilities that span multiple jurisdictions. These businesses need their Hawaii CPA to be able to practice in other states.

On the other side of the coin, consumers and businesses in Hawaii should be able to receive timely services from the CPA best suited to the job, regardless of location, and without the hindrances of unnecessary forms, fees, and filings.

At a time when the CPA profession, like many others is fighting the growing battle for talent we're seeing the pipeline of accounting students stagnate. The number of U.S. students who completed a bachelor's degree in accounting declined nearly 9% to about 52,500 in 2020, down from almost 57,500 in 2012, according to the Association of International Certified Professional Accountants. Recent articles in the Wall Street Journal indicate that further declines have occurred through 2022.

As the pipeline of CPAs is shrinking and the world is getting smaller due to technology and the advance of digital tools, companies are leaning on access to CPAs who specialize in their specific needs. Hawaii individuals and businesses should have the choice to engage CPAs which fit their need and by not allowing for CPA reciprocity in Hawaii contributes to the challenging business environment in Hawaii that we all hear about.

House Bill 797 / Senate Bill 727 would allow for Hawaii's citizens and businesses to have access to best-in-class services while the CPA profession continues to evolve to attract and retain more workers in their field. Hawaii needs to take advantage of this opportunity to protect and best serve its residents.

Thank you,

/s/ Nathan Lee

Nathan Lee, CPA

**HB-797**

Submitted on: 2/27/2023 10:28:44 AM

Testimony for CPC on 2/28/2023 2:00:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
James Shimoda	Individual	Support	Written Testimony Only

Comments:

I am writing in support of Bill HB 797. I want to be point out that our state is the only state that does not have a moibility law for accountancy. 49 out of 50 states recognize mobility where a CPA license is issued in one state is allowed to be recognized in another state. In addition, our board of accountancy is stuck in a paradoxical stituation 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.

The current rules in place to qualify for a Hawaii CPA have become more rigid where the rules are essentially asking for applicants to work for a Hawaii CPA firm due to needing a supervisor who has a current Hawaii CPA license and the special privilege permit to practice to sign off on the experience. As a result, I am having to consider leaving a workplace I have spent some time in because there is no one in my department who has a CPA license with the special privilege permit to practice. I am also having to look at taking a pay cut as well since I would be starting at the bottom at a CPA firm to meet Hawaii's requirements as well as the difficulty of getting into a CPA firm. An applicant has raised this issue with the board of accountancy at their September 2022 meeting and the Board stood by current rules without any indication there would be adjustments. Given the high cost of living in Hawaii, my wife and I have also discussed being part of the declining population and moving out of Hawaii because we are having the hardest time trying to make ends meet especially with a new child on the way

Currently, with an aging population, the number of CPA's avaiable have droppped and it does not seem very unlikely that we will have more candidates coming in unless mobility is enacted. Our current board of accountancy is having it's own issues where there is a shortage of executive officer's to conduct the monthly meetings and thus they are canceling meetings. As a result, I am uncertain how CPA applicantions are processed given that the monthly meetings are the typical method for reviewing and granting licenses to individuals and firms.

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 Hawii 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.

Please consider passing Bill HB797

House Committee on Consumer Protection and Commerce

February 28, 2022 at 2:00 p.m.  
Conference Room 329

## In Support of House Bill 797

Dear Chair Nakashima, Vice Chair Sayama, and Committee Members:

My name is Trisha Nomura, CPA\*, and I support HB 797. Passing the uniform CPA exam over 19 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. 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. HB 797 would allow for this access while also opening up job opportunities and encouraging and promoting innovation within our State. **Hawaii is the only U.S. jurisdiction that does not have this practice privilege.** Adopting this measure would allow the Hawaii Board of Public Accountancy to gain automatic jurisdiction over ALL CPAs practicing in Hawaii, and will enable the Board to discipline out-of-state CPAs.

Thank you in advance for your consideration of HB 797. 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

**House Committee on Consumer Protection and Commerce**

**Tuesday, February 28, 2023**

**Conference Room 329 – at 2:00pm**

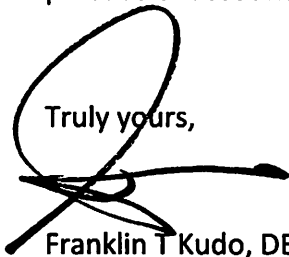
**IN SUPPORT OF HB 797**

Honorable Chair Nakashima, Vice Chair Sayama, and Committee Members

My name is Franklin T Kudo a Board Member of the Hawaii Society of CPA's and a Professor of Accounting at the University of Hawaii – West O`ahu. I fully support HB 797 which will allow qualified out of State CPA's to practice in Hawaii. We must open the State to accepting out of State CPA's to practice in Hawaii due to our severe labor shortage and numerous financial specializations which has caused problems providing full service to the people and businesses of Hawaii.

Of the 55 CPA jurisdictions across the United States that have accepted this practice none have reported a material adverse effect on the practices of local CPA's. In fact, it has broadened the practice of accountancy and ensured a broader coverage of financial services to the State.

Truly yours,

A handwritten signature in black ink, appearing to read 'Franklin T Kudo', with a large, stylized flourish above the name.

Franklin T Kudo, DBA

Professor of Accounting  
University of Hawaii-West O`ahu  
Business Division  
Kapolei, HI



**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 28, 2023 at 2:00 p.m.  
State Capitol, Conference Room 329**

**In Opposition to House Bill 797 Relating to Occupational Licensure**

Chair Nakashima, Vice Chair Sayama, and committee members:

I respectfully ask that you vote No on HB 797. 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 24, 2022 reported that there were 730 CPAs from other states that held a Hawaii CPA license, or approximately 27% of the total. There were also 157 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 Uniform 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 797 is attempting to solve a problem that doesn't exist. Therefore, I urge you to vote No on HB 797.

Respectfully submitted,

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

Gregg M. Taketa, CPA

**Brian M. Iwata, CPA  
101 Aupuni Street  
Hilo, Hawaii 96720  
(808) 935-5404**

**Committee on Consumer Protection and Commerce  
Tuesday, February 28, 2023 at 2:00 p.m.  
Conference Room 329  
State Capitol**

**Re: Strong Opposition to HB 797 Relating to Occupational  
Licensure**

**Chair Nakashima, Vice Chair Sayama, and Committee Members:**

**As a local Hawaii practicing CPA from the Big Island, I strongly object to HB797 because this bill allows out-of-state CPAs to practice in Hawaii without registering and without paying any fees, and being held to different standards than local Hawaii CPAs. Furthermore, as evidenced by numerous examples where out-of-state CPAs were unaware and did not pay the taxes on service income because of Hawaii's unique General Excise taxes, local Hawaii CPAs would be left with an uneven playing field in practicing public accountancy in Hawaii.**

**Hawaii already has 742 out-of-state CPAs who are licensed in Hawaii and HB797 would exempt many of these CPAs from registering and paying fees. If these CPAs are not registered in Hawaii, how would Hawaii determine whether these CPAs are paying their fair share of taxes?**

**If you find that HB797 is justified, then we local Hawaii CPAs would also like to be exempt from registering and paying any licensing fees.**

**Thank you for considering the above.**

**Respectfully submitted,**

*Brian M. Iwata*

**Brian M. Iwata, CPA**

**HB-797**

Submitted on: 2/28/2023 6:52:11 AM

Testimony for CPC on 2/28/2023 2:00:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Grayson Nose	Individual	Support	Written Testimony Only

Comments:

I am writing in support of HB 797 relating to Occupational Licensure. I have worked in Hawaii with a big four accounting firm, a local accounting firm, and for a private company. At our local CPA firm, we regularly receive calls from businesses and individuals who have been referred to us because their current CPA is retiring or other firms are unable to take on the additional work due to lack of staffing. Currently, many Hawaii CPA firms are facing a talent shortage with many CPAs retiring and less students graduating with a major in accounting. This is impacting the ability to service the local business community. This would not take away jobs from graduating accounting students, as the qualified graduates are all finding jobs, and we would hire more graduates if we could find them.

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## Committee on Consumer Protection & Commerce

**Tuesday, February 28, 2023 at 2:00 p.m.**  
**Conference Room 329**  
**State Capital**

### **Re: Strong Opposition to HB 797 Relating to Occupational Licensure**

Chair Nakashima, Vice Chair Sayama and Committee Members:

My name is Nathan A. Colgrove, a member of the firm, Taketa, Iwata, Hara & Associates, LLC in Hilo, on the Island of Hawaii. Taketa, Iwata, Hara & Associates, LLC has been practicing since 1983. We are one of the larger, if not the largest, outer island CPA firms in Hawaii. The work we do provides a service to our community, and supports families on the Island of Hawaii. **We strongly oppose HB 797.**

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

More specifically our objections to HB 797 are outlined below:

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

HB 797 eliminates many, if not most, firm permits and Hawaii GET license numbers currently required for all out-of-state and foreign firms doing business in Hawaii. This will result in a loss of tax revenue for the state. A study done by Hawaii Association of Public Accountants has shown lack of knowledge and/or compliance by out of state CPAs with general excise tax laws. HB 797 would exacerbate this problem, placing a larger burden on Hawaii residents to make up for tax shortfalls of non-compliance by out-of-state practitioners unfamiliar with Hawaii laws.

HB 797 will provide for less consumer protection for consumers. Loss of fees resulting from the no notice no fees provisions in HB 797 would result in less fees to fund enforcement of the rules by the Hawaii Board of Accountancy, due to the lack of temporary permit applications, and those dropping their Hawaii CPA licenses for those states requiring standards lower than Hawaii.

Hawaii Jobs will be outsourced out of Hawaii as a result of HB 797. HB 797 will allow out-of-state and foreign CPAs having qualified under lower CPA licensing standards take away jobs from Hawaii CPAs. This is unfair to Hawaii CPAs. The younger generation will lose out on jobs in Hawaii. Hawaii CPA licensing standards are higher compared to most other states to protect the public. Additionally, Hawaii

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has seen a decline in population, which has resulted in loss of Hawaii talent seeking employment in the mainland. The effect of this will be loss of quality services for Hawaii residents.

Hawaii licensed CPAs cannot practice freely with under other states CPA mobility laws. There is a misnomer in this bill in that it leads one to believe other states with CPA mobility offer the same reciprocity as stated in this bill. This is false. Many states are increasingly imposing tax preparer registration requirements limiting out of state CPAs from providing tax preparation and tax consulting services in those states. In California for instance, California out-of-state tax preparers must register with California's CTEC in order to prepare California tax returns while temporarily in California. Hawaii does not have a similar requirement. HB 797 does not provide an even playing field compared to other states.

Under the provisions in HB 797 out of state CPA firms would be allowed to be owned by non-CPAs, while Hawaii CPA firms would remain being required 100% ownership by CPAs. This is misleading for Hawaii consumers.

HB 797 adopts an evergreen model act (Uniform Accountancy Act) as statutory authority for automatic change to Hawaii's laws every time the AICPA (a private trade organization) and NASBA (another private organization) decide to change model act provisions. No other states have entirely adopted the Uniform Accountancy Act. The AICPA is influenced by large international CPA firms, and accountants who do not practice public accounting.

**Please protect Hawaii's jobs, taxes and fee revenues, and protect Hawaii's consumers by voting NO to HB 797 for the above reasons and many more. We ask you support us in allowing us to practice in Hawaii on the same playing field as out of state CPAs. Vote NO on HB 797.**

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

Respectfully submitted,



Nathan A. Colgrove, Member