

LATE

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Testimony of the Board of Public Accountancy
Before the
Senate Committee on Commerce and Consumer Protection

Wednesday, February 19, 2025
9:32 a.m.
Conference Room 229 and Videoconference

On the following measure:
S.B. 1291 PROPOSED SD1 RELATING TO CERTIFIED PUBLIC ACCOUNTANTS

Chair Keohokalole and Members of the Committee:

My name is Gary Miyashiro, and I am the Chairperson of the Board of Public Accountancy (Board). The Board offers comments on this bill.

The purpose of this bill is to clarify the education and professional experience requirements for certified public accountant (CPA) license applicants to establish alternative pathways to licensure.

The Board will review this bill at its next publicly noticed meeting on March 14, 2025.

The Board's Permitted Interaction Group evaluated the significance of the Certified Public Accountant Competency Based Experience Pathway exposure draft issued by the American Institute of Certified Public Accountants (AICPA) and National Association of State Boards of Accountancy (NASBA) and recommended an alternate license pathway of completing twelve months of qualifying professional experience in the practice of accountancy in lieu of thirty semester hours of post baccalaureate coursework. The Board believes that working with professionals in the field provides a valuable learning experience for CPA license applicants.

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 Commerce and Consumer Protection

Wednesday, February 19, 2025; 9:32 a.m.
Conference Room 229 & Videoconference
State Capitol

LATE

**Re: Support for SB1291, Proposed SD1 – With amendments
Relating to Certified Public Accountants**

Chair Keohokalole, Vice-Chair Fukunaga, and Members of the Committee:

The Hawaii Association of Public Accountants (HAPA) is the only statewide public accounting organization with active chapters on Oahu, Maui, Big Island, and Kauai. It has approximately 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, CGMA, and I am a past State President and currently a State Director of the Hawaii Association of Public Accountants. I am a Hawaii licensed CPA and Attorney, and a principal of a well-established Maui CPA firm, Niwao & Roberts, CPAs, a P.C.

I am also the immediate past 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 a State Director of the Hawaii Association of Public Accountants and co-chair of its legislative committee, while drawing upon my knowledge obtained while serving in the above positions.

HAPA Supports SB1291, Proposed S.D.1, with amendments.

After extensive discussions regarding providing an alternative pathway for students to meet the educational requirements for obtaining a Hawaii CPA license, HAPA agreed to support legislation specifically allowing one year of public accounting experience in a CPA firm only to substitute for the extra 30 semester hours of college education past the bachelor's degree. This alternative pathway is not meant to satisfy the experience requirement for CPA candidates, which requires two years of professional experience in accounting or auditing work in public accounting or private industry and government accounting.

Many HAPA members engaged in the practice of public accounting or who have subsequently gone on to practice in private industry or government accounting believe that candidates who initially obtained public accounting experience in a CPA firm prior to licensure gained a better understanding of the ethical and professional obligations needed to practice as a CPA serving the public. As CPAs in the practice of public

HAPA Testimony
Support for SB1291, Proposed SD1 with amendments
February 19, 2025, Page 2

accounting are required to obtain continuing professional education each year (unlike CPA license holders in private industry or government without a permit to practice), the practical and broader education obtained by a candidate working for a CPA firm is directly relevant to learning about the practice of public accountancy. At the same time, the CPA candidate would get compensated for working to achieve his or her CPA license.

Please note that historically, substitution of public accounting experience was accepted for CPA licensure in Hawaii, although 4 ½ years of public accounting experience was required for those who wished to obtain a CPA license with a bachelor's degree.

HAPA also suggests amendments as follows:

SB1291 Proposed SD1 Amendments

Page 2, line 14, insert "meeting the"

"Completed two years of professional experience **meeting the** requirements in subsection (d)."

Page 2, line 21 insert, "be"

"At least eighteen semester hours of which shall **be** include upper division pr graduate level accounting..."

Page 3, line 18, add, "the thirty semester hours described in"

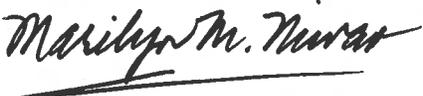
"In lieu of **the thirty semester hours described** in paragraph (1), the applicant..."

Page 4, line 2, delete "(d)" and replace with, "(a)(4)."

"...toward the experience requirements in subsection ~~(d)~~ **(a)(4).**"

Please support SB1291, Proposed SD1, with amendments. Thank you for this opportunity to testify. Please do not hesitate to ask any questions by contacting me at niwao@mauicpa.com or at (808) 242-4600, ext. 224.

Respectfully submitted,



Marilyn M. Niwao, M.S.P.H., J.D., CPA, CGMA
Hawaii State Director and Legislative Committee Co-chairperson

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

LATE

Committee on Commerce and Consumer Protection

Wednesday, February 19, 2025; 9:32 a.m.
Conference Room 229 & Videoconference
State Capitol

**Re: Support for SB1291, Proposed SD1 – with amendments
Relating to Certified Public Accountants**

Chair Keohokalole, Vice-Chair Fukunaga, and Members of the Committee:

My name is Brian M. Iwata, CPA, and I am a past president of Hawaii Association of Public Accountants (HAPA) and currently a co-chair of its legislative committee, and I am a Big Island CPA practitioner for many years. I am very familiar with Hawaii CPA licensing matters, having served on the Hawaii Board of Public Accountancy for many years. With respect to this bill, I am testifying on behalf of the Hawaii Association of Public Accountants as its legislative committee co-chairperson while drawing upon my knowledge and experience working in public accounting for decades.

HAPA Supports SB1291, Proposed S.D.1, with amendments.

SB1291, Proposed SD1 seeks to provide an additional pathway for CPA candidates to obtain a Hawaii CPA license without having to obtain the extra 30 semester hours of college education currently required. With the substantial increased costs of college education over the years have proven to be a major financial burden on students who wants to pursue their CPA licensure.

Substituting public accounting experience in exchange for college education past the bachelor's degree has not been without precedent. For decades, Hawaii allowed candidates with a bachelor's degree to obtain a CPA license if they obtained 4½ years of public accounting experience in a CPA firm. Experience gained by working in a public accounting firm is invaluable for those seeking their CPA license.

The CPA license stands for “certified PUBLIC accountants”, and the CPA license is not required to work in private industry or government. It is, however, a license that is required to practice public accountancy and serve clients.

After extensive discussions on the matter, HAPA has agreed to support SB1291, proposed SD1, with amendments as follows:

SB1291 Proposed SD1 Amendments

Page 2, line 14, insert “meeting the”

“Completed two years of professional experience **meeting the** requirements in subsection (d);”

Page 2, line 21 insert, “be”

“At least eighteen semester hours of which shall **be** include upper division pr graduate level accounting...”

Page 3, line 18, add, “the thirty semester hours described in”

“In lieu of **the thirty semester hours described** in paragraph (1), the applicant...”

Page 4, line 2, delete “(d)” and replace with, “(a)(4).”

“...toward the experience requirements in subsection ~~(d)~~ **(a)(4).**”

Please support SB1291, Proposed SD1, with amendments as shown above.

Thank you for this opportunity to testify. Please call me at (808) 935-5404 if you have any questions on this matter.

Respectfully submitted,

**Brian M. Iwata, CPA
HAPA Legislative Committee Co-Chairperson**

LATE

A Bill for an Act: Relating to licensure for certified public accountants

Proposed Title: Educational Requirements for Certified Public Accountant License

Proposed Description: The Legislature finds that there is a shortage of licensed Certified Public Accountants in the State, which is impacting overall access to high-quality financial services for consumers and businesses. Fewer accounting students are choosing to seek licensed CPA status, due in part to the requirement of 30 additional semester hours of education beyond a bachelor's degree. This bill would allow persons seeking a CPA license to substitute additional experience working under a licensed CPA for the additional post-baccalaureate education. This would allow candidates to work and earn money – instead of paying additional tuition – while meeting the qualifications for a CPA license.

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

SECTION 1. The Legislature finds that business and commerce continue to grow more complicated, increasing the need for well-qualified certified public accountants in Hawaii and nationwide. At the same time, however, a declining percentage of students in accounting classes are deciding to pursue CPA licenses. In part, this decline is due to the requirement of 30 additional semester hours of education, beyond the requirements of a bachelor's degree, to obtain a CPA license. The cost – in both time and money – of obtaining this additional education can be a serious obstacle for many students. Thus, the additional education requirement effectively blocks many persons from obtaining CPA licenses, at a time when more qualified CPAS are needed.

This bill establishes an alternative pathway to CPA licensure, where additional relevant work experience, working under a licensed CPA and learning relevant skills, can be substituted for the additional hours of education beyond the basic requirements of a

bachelor's degree.

The ultimate purpose of this Act is to allow Hawaii businesses and consumers greater access to qualified certified public accountants, by increasing the number of persons obtaining CPA licenses, while maintaining high standards and rigorous requirements for CPA licensure.

SECTION 2. Chapter 446, Hawaii Revised Statutes, Section 466-5, is amended as follows:

§466-5 License of certified public accountant.

(a) A license and a permit are required to practice public accountancy. The board may license and grant the designation of "certified public accountant" to any person who has met the following:

- (1) Attained eighteen years of age;
- (2) Possesses a history of competence, trustworthiness, and fair dealing;
- (3) Educational requirements of this section or section 466-5.5;
- (4) Experience requirements of subsection (d);
- (5) Examination requirements of subsection (e); and
- (6) Paid the appropriate fees and assessments.

(b) The educational requirement for a license shall include a baccalaureate degree conferred by a college or university recognized by the board and:

- (1) Completion of not less than thirty semester hours of study in addition to those semester hours required for a baccalaureate degree. The baccalaureate degree and the thirty semester hours of additional study shall include a minimum of eighteen semester hours of upper division or graduate level accounting or auditing subjects. The content of the additional qualifying hours of study shall be determined by rules adopted by the board pursuant to chapter 91; or
- (2) If the applicant has a minimum of eighteen semester hours of upper division or graduate level accounting and auditing subjects, the applicant may elect to replace the

thirty semester hours of additional study with an additional [~~thirty~~] twelve months of professional experience in a public accounting practice. This additional experience shall meet the requirements set forth in subsection (d) below, but shall not be credited toward the experience requirements in subsection (d).

(c) A person shall be exempt from the requirements in subsection (b) or section 466-5.5 if that person:

- (1) Holds a current license as a public accountant under section 466-6; or
- (2) Holds, and has continued to hold, a valid comparable certificate, registration, or license of certified public accountant of another state for a period of not less than ten years preceding the date of the person's application under this section, and has been in active practice of public accountancy in one or more states for a period of not less than five years preceding the date of the application.

(d) Each applicant shall present satisfactory evidence in the form of a certified statement from present or former employer(s) that the applicant has met one of the following experience requirements for license:

- (1) Completion of one thousand five hundred chargeable hours in the performance of audits involving the application of generally accepted accounting principles and auditing standards earned while in public accounting practice; or
- (2) Completion of two years of professional experience in public accountancy practice as defined in section 466-3. Completion of experience in private or government accounting or auditing work, deemed by the board to be equivalent to professional experience in public accountancy practice as defined in section 466-3, may be substituted for all or part of the two years of professional experience in public accounting practice. The nature, variety, and depth of acceptable private or government accounting or auditing experience shall be defined by the board in its rules.

(e) The examination required to be passed for licensure shall test the applicant's knowledge of the subjects of accounting theory, accounting practice, auditing, and other related subjects as the

board may specify by rule. The board shall prescribe the methods of applying for and conducting the examination, including methods for grading papers and determining a passing grade required by an applicant for a license; provided that the board shall, to the extent possible, see to it that the grading of the examination and the passing grades are uniform with those applicable in all other states. The board may use the Uniform Certified Public Accountant Examination and Advisory Grading Service of the American Institute of Certified Public Accountants, and may contract with third parties to perform the administrative services with respect to the examination as the board deems appropriate to assist it in performing its duties herein.

(f) The board may allow an applicant to sit for the Uniform Certified Public Accountant Examination, if the applicant has met at least one of the following:

- (1) Baccalaureate degree in accounting conferred by a college or university acceptable to the board; or
- (2) Baccalaureate degree with a major in a subject other than in accounting, plus eighteen semester hours of upper division or graduate level accounting or auditing subjects, conferred by a college or university acceptable to the board; or
- (3) Baccalaureate degree or its equivalent in accounting, conferred by a college or university outside of the United States, and submission of a letter of acceptance from an accredited United States college or university to its advanced degree program or an educational equivalency report prepared by an evaluator approved by the board.

(g) The board shall prescribe the terms and conditions under which an applicant who has taken the examination prescribed in subsection (e), but who has not satisfactorily completed the examination, may be given credit for any part thereof that the applicant has satisfactorily completed. The board may also provide a specific length of time for an applicant to apply for reexamination.

(h) A person who passed the Uniform Certified Public Accountant Examination under the laws of another state may be exempted from taking the examination required pursuant to subsections (a)(5) and (e). The board shall prescribe the methods and requirements for exemption from

examination requirements. The board shall prescribe the methods and requirements for exemption for the holder of a valid comparable certificate, registration, or license and a degree from a foreign country.

(i) A person who, on January 1, 1974, holds a license of certified public accountant issued under the laws of this State theretofore existing shall not be required to obtain an additional license of certified public accountant under this chapter, but shall otherwise be subject to all the provisions of this chapter; and the license theretofore issued shall, for all purposes, be considered a license issued under this chapter and subject to the provisions herein.

(j) Licenses shall be effective for a period not exceeding two years and shall be renewable biennially on or before December 31 of every odd-numbered year upon application to the board.

(k) The board may renew the license of a certified public accountant who completes a renewal application and fulfills the following requirements:

(1) Holds a valid and current license; and

(2) Paid appropriate fees and assessments.

(l) Failure to renew a license on or before December 31 of every odd-numbered year, shall constitute a forfeiture of license. Continued practice in public accountancy without renewing or restoring a license and permit shall constitute unlicensed activity. Any person engaged in unlicensed activity shall be subject to sections 466-9, 466-11, 487-13, and 26-9.

(m) The board shall specify the method and requirements of application for restoration of a forfeited license. The date of restoration of the license shall be the date of board approval of the restoration. Restorations shall not be retrospective.

SECTION 3. Chapter 446, Hawaii Revised Statutes, Section 466-5.5, is amended as follows:

§466-5.5 Educational requirements for licensure [~~effective December 31, 2000~~].

~~[Effective December 31, 2000]~~ Except as provided in Section 466-5(b)(2) above, an applicant for licensure shall have at least one-hundred-fifty semester hours of college education. Within the one-hundred-fifty semester hours, the applicant shall have:

- (1) A baccalaureate or higher degree conferred by a college or university acceptable to the board; and
- (2) An accounting concentration or its equivalent as specified in the rules of the board[~~;- except that applicants for licensure who have successfully completed the Uniform Certified Public Accountant Examination before December 31, 2000, or held conditional credit before December 31, 2000, and subsequently completed the examination before the conditional credit expired, may continue to meet the educational requirements of section 466-5(b)].~~

SECTION 4. Statutory material to be repealed is bracketed and stricken. New statutory material is underscored.

SECTION 5. This Act shall take effect on January 1, 2026, provided that no person who actually holds a CPA license issued under the laws of this State prior to that date shall be precluded from renewing such license by any provision of this Act.



LATE

LATE

TO: Chair Jarrett Keohokalole; Vice Chair Carol Fukunaga; and Committee

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

RE: SB 1291 SD1 RELATING TO CERTIFIED PUBLIC ACCOUNTANTS

POSITION: STRONG SUPPORT

Thank you for the opportunity to submit testimony in strong support SB 1291 SD1. My name is Adrian Hong, and I am Managing Member of Hong Consulting, LLC. My firm supports this bill as action is desperately needed to improve the supply of certified public accountants in Hawaii.

Hong Consulting does recommend the following changes to the bill in order for the bill to have its intended effect:

- Page 2, line 14: insert “meeting the”
“Completed two years of professional experience meeting the requirements in subsection (d);”
- Page 2, line 21: delete “include” and replace with “be”
“At least eighteen semester hours of which shall be include upper division or graduate level accounting ...”
- Page 3, line 18: add “the thirty semester hours described in:
“In lieu of the thirty semester hours described in paragraph (1), the applicant ...”
- Page 4, line 2: delete “(d)” and replace with “(a)(4).”
“...toward the experience requirements in subsection (d) (a)(4).

Thank you for the opportunity to provide testimony in support of SB 1291 SD1. Should you have any questions or comments about my testimony you can contact me by email at adrianhong@hongconsultingllc.com or by phone at 808-383-5937.



Sincerely,

Adrian K. Hong, CPA

Managing Member

Hong Consulting, LLC.

<https://www.hongconsultingllc.com/>

Email: adrianhong@hongconsultingllc.com | Phone: 808-383-5937

LATE

ERIC H. MATSUDA
CERTIFIED PUBLIC ACCOUNTANT
1481 S. King St., Suite 523
Honolulu, Hawaii 96814
(808) 949-7651

LATE

Committee on Commerce and Consumer Protection

Wednesday, February 19, 2025; 9:32 a.m.
Conference Room 229 & Videoconference
State Capitol

**Re: Support for SB1291, Proposed SD1 – With amendments
Relating to Certified Public Accountants**

Chair Keohokalole, Vice-Chair Fukunaga, and Members of the Committee:

My name is Eric H. Matsuda, CPA, and I am the Oahu Chapter President of the Hawaii Association of Public Accountants and a practicing CPA in Honolulu. HAPA supports SB 1291, SD 1 with amendments relating to certified public accounting.

I support the intent of SB 1291, Proposed SD 1, but the currently-existing Proposed SD 1 would not actually achieve the intended result. Showing changes in wording that would bring the Proposed SD 1 version into alignment with what the supporters of this Bill are trying to achieve.

The goal here is to allow more people to pursue careers as Certified Public Accountants, by creating an alternative pathway to CPA licensing. Basically, an additional year of experience, working in a CPA firm, could be substituted for the existing requirement of 30 credit hours of post-baccalaureate education.

The language needs to be carefully crafted, however, because existing law allows experience in business and industry (and not necessarily in a CPA firm) to count toward the experience requirement. The intent is not to change that, but to require that the additional year of experience for the alternative pathway must be in a CPA firm.

HAPA suggests amendments as follows:

SB1291 Proposed SD1 Amendments

Page 2, line 14, insert “meeting the”

“Completed two years of professional experience meeting the requirements in subsection (d):”

Page 2, line 21 insert, “be”

"At least eighteen semester hours of which shall ~~be include~~ upper division pr graduate level accounting..."

Page 3, line 18, add, "the thirty semester hours described in"

"In lieu of **the thirty semester hours described** in paragraph (1), the applicant..."

Page 4, line 2, delete "(d)" and replace with, "(a)(4)."

"...toward the experience requirements in subsection ~~(d)~~ (a)(4)."

Please support SB1291, Proposed SD1, with amendments.

Eric H. Matsuda, CPA
HAPA Oahu Chapter President

NATHAN A. COLGROVE
101 AUPUNI STREET, SUITE 139
HILO, HAWAII 96720

Committee on Commerce and Consumer Protection

LATE

**Wednesday, February 19, 2025 at 9:32 a.m.
Conference Room 229
State Capitol**

In Support of SB 1291, Proposed S.D. 1, WITH MODIFICATIONS
RELATING TO CERTIFIED PUBLIC ACCOUNTANTS

Chair Keohokalole, Vice Chair Fukunaga 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 CPA firms on the outer islands. The work we do provides a service to our community, and supports families on the Island of Hawaii. **We support SB 1291, proposed SD 1 WITH MODIFICATIONS.**

More specifically our modifications to SB 1291 Proposed SD 1 are outlined below:

There is a large shortage of accountants in the public accounting industry. As SB 1291 Proposed SD 1 is currently written the shortage is not solved for the public accounting industry. The work experience needs to be in a CPA firm. Otherwise this bill will not help the public accounting industry. The changes to the bill that would achieve this result is outlined in the enclosed attachments.

The goal is to provide another pathway to becoming a certified public accountant by allowing an additional year of public accounting experience in lieu of the 30 credit hours of post-baccalaureate education. The current version of the bill allows the experience to be in business and industry, not necessarily in a CPA firm.

Please modify the bill as outlined here.

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

Respectfully submitted,



Nathan A. Colgrove, Member

A BILL FOR AN ACT

RELATING TO CERTIFIED PUBLIC ACCOUNTANTS.

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

SECTION 1. The legislature finds that business and commerce continue to grow more complicated, increasing the need for well-qualified certified public accountants in the State and nationwide. At the same time, however, a declining percentage of students in accounting classes are pursuing certified public accountant (CPA) licenses. In part, this decline is due to the requirement of thirty additional semester hours of education, beyond the requirements of a bachelor's degree, to obtain a CPA license. The time and monetary costs of this additional education can be a serious obstacle for many students. Thus, the additional education requirement effectively blocks many potential candidates from obtaining CPA licenses, at a time when more qualified CPAs are needed.

The purpose of this Act is to generate more qualified CPAs by establishing alternative pathways to licensure that eliminate certain barriers for eligible applicants.

SECTION 2. Section 466-5, Hawaii Revised Statutes, is amended by amending subsections (a) through (d) to read as follows:

"(a) A license and a permit are required to practice public accountancy. The board may license and grant the designation of "certified public accountant" to any person who has met the following:

- (1) Attained eighteen years of age;
- (2) Possesses a history of competence, trustworthiness, and fair dealing;
- (3) Educational requirements of this section [~~or section 466-5.5~~];
- (4) [~~Experience requirements of~~] Completed two years of professional experience requirements *meeting the* in subsection (d);

(5) Examination requirements of subsection (e); and

(6) Paid the appropriate fees and assessments.

(b) The educational requirement for a license shall include a baccalaureate degree conferred by a college or university recognized by the board, at least eighteen semester hours of which shall ^{be} include upper division or graduate level accounting or auditing subjects as determined by rules adopted by the board pursuant to chapter 91, and:

(1) Completion of not less than thirty semester hours of study in addition to those semester hours required for a baccalaureate degree [~~The baccalaureate degree and the thirty semester hours of additional study shall include a minimum of eighteen semester hours of upper division or graduate level accounting or auditing subjects. The~~]; provided that the content of the additional qualifying hours of study shall be determined by rules adopted by the board pursuant to chapter 91; or

the thirty semester hours described in
(2) [~~If the applicant has a minimum of eighteen semester hours of upper division or graduate level accounting and auditing subjects, the applicant may elect to replace the thirty semester hours with an additional thirty months of professional experience in a public accounting practice. This~~] In lieu of paragraph (1), the applicant may demonstrate completion of an additional twelve months of professional experience in the practice of public accounting only; provided that this experience shall not be credited toward the experience requirements in subsection (d). *(a)(4).*

(c) A person shall be exempt from the requirements in subsection (b) [~~or section 466-5.5~~] if that person:

(1) Holds a current license as a public accountant under section 466-6; or

(2) Holds, and has continued to hold, a valid comparable certificate, registration, or license of certified public accountant of another state for a period of not less than ten years preceding the date of the person's application under this section, and has been in active practice of public accountancy in one or more states for a period of not less than five years preceding the date of the application.

(d) Each applicant shall present satisfactory evidence in the form of a certified statement from present or former employer(s) that the applicant has [~~met one of the following experience requirements for license:~~

(1) ~~Completion of one thousand five hundred chargeable hours in the performance of audits involving the application of generally accepted accounting principles and auditing standards earned while in public accounting practice; or~~

(2) ~~Completion of two years of]~~ completed the required professional experience in public accountancy practice as defined in section 466-3. Completion of experience in private or government accounting or auditing work, deemed by the board to be equivalent to professional experience in public accountancy practice as defined in section 466-3, may be substituted for all or part of the two years of professional experience in public accounting practice[-] required in subsection (a)(4). The nature, variety, and depth of acceptable private or government accounting or auditing experience shall be defined by the board in its rules."

SECTION 3. Section 466-5.5, Hawaii Revised Statutes, is repealed.

~~["§466-5.5 Educational requirements for licensure effective December 31, 2000. Effective December 31, 2000, an applicant for licensure shall have at least one hundred fifty semester hours of college education. Within the one hundred fifty semester hours, the applicant shall have:~~

~~(1) A baccalaureate or higher degree conferred by a college or university acceptable to the board; and~~

~~(2) An accounting concentration or its equivalent as specified in the rules of the board; except that applicants for licensure who have successfully completed the Uniform Certified Public Accountant Examination before December 31, 2000, or held conditional credit before December 31, 2000, and subsequently completed the examination before the conditional credit expired, may continue to meet the educational requirements of section 466-5(b)."]~~

SECTION 4. Statutory material to be repealed is bracketed and stricken. New statutory material is underscored.

SECTION 5. This Act shall take effect upon its approval.

Report Title:

Board of Public Accountancy; Qualifications; Licensure; Certified Public Accountants

Description:

Clarifies the education and professional experience requirements for certified public accountant license applicants to establish alternative pathways to licensure. (Proposed SD1)

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

SB1291 Proposed SD1 Amendments

Amendments to Proposed SD1 SB1291

Page 2, line 14, insert "meeting the"

"Completed two years of professional experience **meeting the** requirements in subsection (d)."

Page 2, line 21 insert, "be"

"At least eighteen semester hours of which shall **be** include upper division pr graduate level accounting..."

Page 3, line 18, add, "the thirty semester hours described in"

"In lieu of **the thirty semester hours described** in paragraph (1), the applicant..."

Page 4, line 2, delete "(d)" and replace with, "(a)(4)."

"...toward the experience requirements in subsection ~~(d)~~ **(a)(4).**"

LATE

Ronald I. Heller
700 Bishop Street, Suite 1500
Honolulu, Hawaii 96813
phone 808 523 6000 fax 808 523 6001
rheller@torkildson.com

Before the Senate Committee on
Commerce and Consumer Protection

Wednesday, February 19, 2025 at 9:32 am

Testimony of Ronald I. Heller

**In Support of SB 1291, Proposed S.D. 1, WITH
MODIFICATIONS**

RELATING TO CERTIFIED PUBLIC ACCOUNTANTS.

Chair Keohokalole, Vice-Chair Fukunaga, and Members of the Committee:

I support the intent of SB 1291, Proposed SD 1, but the currently-existing Proposed SD 1 would not actually achieve the intended result. Attached is a copy showing changes in wording that would bring the Proposed SD 1 version into alignment with what the supporters of this Bill are trying to achieve.

The goal here is to allow more people to pursue careers as Certified Public Accountants, by creating an alternative pathway to CPA licensing. Basically, an additional year of experience, working in a CPA firm, could be substituted for the existing requirement of 30 credit hours of post-baccalaureate education.

The language needs be carefully crafted, however, because existing law allows experience in business and industry (and not necessarily in a CPA firm) to count toward the experience requirement. The intent is **not** to change that, but to require that the additional year of experience for the alternative pathway must be in a CPA firm. Thus, two different definitions of qualifying experience exist. An applicant could potentially have two years of experience under one definition, and then one year of experience under the other definition.

Basically, the corrections attached are meant to make this clear. They may be summarized as follows:

Amendments to Proposed SD1 SB1291

Page 2, line 14, insert “meeting the”
“Completed two years of professional experience **meeting the**
requirements in subsection (d);”

Page 2, line 21 delete “include” and replace with “be”
“At least eighteen semester hours of which shall **be** include upper division
pr graduate level accounting...”

Page 3, line 18, add, “the thirty semester hours described in”
“In lieu of **the thirty semester hours described** in paragraph (1), the
applicant...”

Page 4, line 2, delete “(d)” and replace with, “(a)(4).”
“...toward the experience requirements in subsection ~~(d)~~ **(a)(4).**”

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

Respectfully submitted,

Ronald I. Heller

Ronald I. Heller

A BILL FOR AN ACT

RELATING TO CERTIFIED PUBLIC ACCOUNTANTS.

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

SECTION 1. The legislature finds that business and commerce continue to grow more complicated, increasing the need for well-qualified certified public accountants in the State and nationwide. At the same time, however, a declining percentage of students in accounting classes are pursuing certified public accountant (CPA) licenses. In part, this decline is due to the requirement of thirty additional semester hours of education, beyond the requirements of a bachelor's degree, to obtain a CPA license. The time and monetary costs of this additional education can be a serious obstacle for many students. Thus, the additional education requirement effectively blocks many potential candidates from obtaining CPA licenses, at a time when more qualified CPAs are needed.

The purpose of this Act is to generate more qualified CPAs by establishing alternative pathways to licensure that eliminate certain barriers for eligible applicants.

SECTION 2. Section 466-5, Hawaii Revised Statutes, is amended by amending subsections (a) through (d) to read as follows:

"(a) A license and a permit are required to practice public accountancy. The board may license and grant the designation of "certified public accountant" to any person who has met the following:

- (1) Attained eighteen years of age;
- (2) Possesses a history of competence, trustworthiness, and fair dealing;
- (3) Educational requirements of this section [~~or section 466-5.5~~];
- (4) [~~Experience requirements of~~] Completed two years of professional experience requirements *meeting the* in subsection (d) [↑]

(5) Examination requirements of subsection (e); and

(6) Paid the appropriate fees and assessments.

(b) The educational requirement for a license shall include a baccalaureate degree conferred by a college or university recognized by the board, at least eighteen semester hours of which shall ^{be} include upper division or graduate level accounting or auditing subjects as determined by rules adopted by the board pursuant to chapter 91, and:

(1) Completion of not less than thirty semester hours of study in addition to those semester hours required for a baccalaureate degree [~~The baccalaureate degree and the thirty semester hours of additional study shall include a minimum of eighteen semester hours of upper division or graduate level accounting or auditing subjects. The~~]; provided that the content of the additional qualifying hours of study shall be determined by rules adopted by the board pursuant to chapter 91; or

the thirty semester hours described in
(2) [~~If the applicant has a minimum of eighteen semester hours of upper division or graduate level accounting and auditing subjects, the applicant may elect to replace the thirty semester hours with an additional thirty months of professional experience in a public accounting practice. This~~] In lieu of paragraph (1), the applicant may demonstrate completion of an additional twelve months of professional experience in the practice of public accounting only; provided that this experience shall not be credited toward the experience requirements in subsection (d). (a)(4).

(c) A person shall be exempt from the requirements in subsection (b) [~~or section 466-5.5~~] if that person:

(1) Holds a current license as a public accountant under section 466-6; or

(2) Holds, and has continued to hold, a valid comparable certificate, registration, or license of certified public accountant of another state for a period of not less than ten years preceding the date of the person's application under this section, and has been in active practice of public accountancy in one or more states for a period of not less than five years preceding the date of the application.

(d) Each applicant shall present satisfactory evidence in the form of a certified statement from present or former employer(s) that the applicant has [~~met one of the following experience requirements for license:~~

(1) ~~Completion of one thousand five hundred chargeable hours in the performance of audits involving the application of generally accepted accounting principles and auditing standards earned while in public accounting practice; or~~

(2) ~~Completion of two years of]~~ completed the required professional experience in public accountancy practice as defined in section 466-3. Completion of experience in private or government accounting or auditing work, deemed by the board to be equivalent to professional experience in public accountancy practice as defined in section 466-3, may be substituted for all or part of the two years of professional experience in public accounting practice~~[-]~~ required in subsection (a)(4). The nature, variety, and depth of acceptable private or government accounting or auditing experience shall be defined by the board in its rules."

SECTION 3. Section 466-5.5, Hawaii Revised Statutes, is repealed.

~~["§466-5.5 Educational requirements for licensure effective December 31, 2000. Effective December 31, 2000, an applicant for licensure shall have at least one hundred fifty semester hours of college education. Within the one hundred fifty semester hours, the applicant shall have:~~

~~(1) A baccalaureate or higher degree conferred by a college or university acceptable to the board; and~~

~~(2) An accounting concentration or its equivalent as specified in the rules of the board; except that applicants for licensure who have successfully completed the Uniform Certified Public Accountant Examination before December 31, 2000, or held conditional credit before December 31, 2000, and subsequently completed the examination before the conditional credit expired, may continue to meet the educational requirements of section 466-5(b)."]~~

SECTION 4. Statutory material to be repealed is bracketed and stricken. New statutory material is underscored.

SECTION 5. This Act shall take effect upon its approval.

Report Title:

Board of Public Accountancy; Qualifications; Licensure; Certified Public Accountants

Description:

Clarifies the education and professional experience requirements for certified public accountant license applicants to establish alternative pathways to licensure. (Proposed SD1)

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

SB-1291

Submitted on: 2/18/2025 8:32:33 AM

Testimony for CPN on 2/19/2025 9:32:00 AM



Submitted By	Organization	Testifier Position	Testify
Wendell K. Lee	Individual	Support	Written Testimony Only

Comments:

I am supporting SB SD1. As an educator and with over 30 years as a practicing CPA. A student is academically equipped to pass the CPA exam with a 4 year degree. The 30 additional credits is outdated and barrier to entry for students who want to be become credentialed in our state. CPAs general earn 40% more over their career than non-credentialed accountants.

Accounting is an entry level profession and compounded by the fact there is a critical shortage of available CPAs in the community to prepare taxes and to assist business in Hawaii.

Please pass this critical bill SB 1291 in Proposed SD 1 to include a minor change from

FROM: Page 2, line 21 insert, “be”

“At least eighteen semester hours of which shall ~~be include~~ upper division pr graduate level accounting...”

TO: Page 2, line 21 ~~delete “include” and~~ insert, “be”

“At least eighteen semester hours of which shall ~~be include~~ upper division pr graduate level accounting...”

Mahalo,

Wendell K. Lee, CPA

LATE

SB-1291

Submitted on: 2/18/2025 9:22:07 AM

Testimony for CPN on 2/19/2025 9:32:00 AM

Submitted By	Organization	Testifier Position	Testify
Earl Dwayne Balantac	Individual	Support	Written Testimony Only

Comments:

I am in favor of SB21 SD1.

I am a student at University of Hawaii West Oahu and with this bill, it will help me reach my dreams much faster.

LATE

SB-1291

Submitted on: 2/18/2025 9:24:28 AM

Testimony for CPN on 2/19/2025 9:32:00 AM

Submitted By	Organization	Testifier Position	Testify
Troy A Bunce	Individual	Support	Written Testimony Only

Comments:

I am in favor of Bill 1291, i am currently a student at UH West Oahu and with lowering the credit requirement it will help me and fellow students to reach our goals as CPAs and it will also help putting more accounts and CPAs in the strained field. and it will also help with financially as an extra year is very expansive for us to do.

LATE

LATE

SB-1291

Submitted on: 2/18/2025 10:23:30 AM

Testimony for CPN on 2/19/2025 9:32:00 AM

Submitted By	Organization	Testifier Position	Testify
Blake Isobe	Individual	Support	Written Testimony Only

Comments:

As a principal in one of the public accounting firms in the State, we are constantly recruiting and have seen a shortage of accountants in the State. Therefore, I support the bill with the following edits

- Page 2, line 14: insert “meeting the”

“Completed two years of professional experience **meeting the** requirements in subsection (d);”

- Page 2, line 21: delete “include” and replace with “be”

“At least eighteen semester hours of which shall **be** ~~include~~ upper division or graduate level accounting ...”

- Page 3, line 18: add “the thirty semester hours described in:

“In lieu of **the thirty semester hours described in** paragraph (1), the applicant ...”

- Page 4, line 2: delete “(d)” and replace with “(a)(4).”

“...toward the experience requirements in subsection ~~(d)~~ **(a)(4)**.”

Thank you.

LATE

LATE

SB-1291

Submitted on: 2/18/2025 2:44:16 PM

Testimony for CPN on 2/19/2025 9:32:00 AM

Submitted By	Organization	Testifier Position	Testify
Ellen Awai	Individual	Support	Written Testimony Only

Comments:

I stand in support of SB1291 for Certified Public Accountants. Many people in the accounting field already have the experience, but cannot complete a bachelors in accounting or the additional semester hours because of their life situation, perhaps raising children as a single parent, or having to care of kupuna. There are many factors in a person's life that hinder them from getting degrees, sometimes their lived experiences and the authoritarian rules of those that claim they are an expert in the field, but know liffle of the cultural differences in our islands!