

Honolulu, Hawaii

FEB 19 2009

RE: S.B. No. 55

S.D. 1

Honorable Colleen Hanabusa  
President of the Senate  
Twenty-Fifth State Legislature  
Regular Session of 2009  
State of Hawaii

Madam:

Your Committee on Commerce and Consumer Protection, to which was referred S.B. No. 55 entitled:

"A BILL FOR AN ACT RELATING TO PUBLIC ACCOUNTANCY,"

begs leave to report as follows:

The purpose of this measure is to repeal the requirement that public accounting firms obtain a firm permit to engage in the practice of public accountancy in addition to the individual permits required of individual practicing public accountants within the firm.

Your Committee received testimony in support of this measure from two representatives of Hawaii Association of Public Accountants and eight private citizens. Your Committee received testimony in opposition to this measure from the Board of Public Accountancy, Hawaii Society for Certified Public Accountants, and three private citizens. Copies of written testimony are available for review on the Legislature's website.

Under current law, public accounting firms are required to obtain a separate permit for the firm to practice public accountancy in addition to the individual permits required of the persons within the firm who practice public accountancy. The current law empowers the Board of Accountancy to enact rules for awarding firm permits. However, in the twenty years since the current requirements became law, the Board has never enacted those rules. This exposes every public accounting firm in the State to liability under the law for operating without a permit and



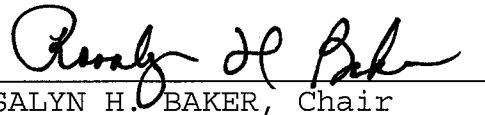
curtains out-of-state business opportunities for public accounting firms who are forced to remain out of compliance with the State's regulatory framework.

Since the Board has for two decades failed to act pursuant to its designated authority to make rules for firm permits, your Committee finds that the permit requirement for public accounting firms does not serve any important public function and should be abolished. Your Committee finds further that because of the Board's failure to act, the firm permit requirement has become a burden on practitioners of public accounting by affecting their ability to practice and by exposing them to legal liability through no fault of their own.

Your Committee has amended this measure by amending the purpose section to accurately reflect the current state of the administrative rules that govern the practice of public accountancy.

As affirmed by the record of votes of the members of your Committee on Commerce and Consumer Protection that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 55, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 55, S.D. 1, and be placed on the calendar for Third Reading.

Respectfully submitted on  
behalf of the members of the  
Committee on Commerce and  
Consumer Protection,

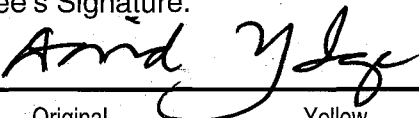


ROSALYN H. BAKER, Chair



The Senate  
Twenty-Fifth Legislature  
State of Hawaii

**Record of Votes**  
**Committee on Commerce and Consumer Protection**  
**CPN**

Bill / Resolution No.:* <div style="font-size: 1.2em; font-family: cursive;">SB 55</div>	Committee Referral: <div style="font-size: 1.2em; font-family: cursive;">CPN</div>	Date: <div style="font-size: 1.2em; font-family: cursive;">2/4/2009</div>		
<input type="checkbox"/> The committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <div style="display: flex; justify-content: space-between; align-items: flex-start;"> <div style="text-align: center;"> <input type="checkbox"/> Pass, unamended 2312         </div> <div style="text-align: center;"> <input checked="" type="checkbox"/> Pass, with amendments 2311         </div> <div style="text-align: center;"> <input type="checkbox"/> Hold 2310         </div> <div style="text-align: center;"> <input type="checkbox"/> Recommit 2313         </div> </div>				
Members	Aye	Aye (WR)	Nay	Excused
BAKER, Rosalyn H. (C)	✓			
IGE, David Y. (VC)	✓			
ESPERO, Will		✓		
GREEN, M.D., Josh	✓			
IHARA, Jr., Les				✓
SAKAMOTO, Norman				✓
HEMMINGS, Fred	✓			
<b>TOTAL</b>	<b>4</b>	<b>1</b>		<b>2</b>
Recommendation: <div style="display: flex; justify-content: space-around; margin-top: 5px;"> <input checked="" type="checkbox"/> Adopted         <input type="checkbox"/> Not Adopted         </div>				
Chair's or Designee's Signature: <div style="font-size: 1.5em; font-family: cursive; text-align: center;">  </div>				
<div style="display: flex; justify-content: space-between; font-size: 0.8em;"> <div>Distribution:</div> <div>Original</div> <div>Yellow</div> <div>Pink</div> <div>Goldenrod</div> </div> <div style="display: flex; justify-content: space-between; font-size: 0.7em; margin-top: 2px;"> <div>File with Committee Report</div> <div>Clerk's Office</div> <div>Drafting Agency</div> <div>Committee File Copy</div> </div>				

\*Only one measure per Record of Votes