

# LATE TESTIMONY

## TESTIMONY OF

Jeanne Kim

Committee on Consumer Protection & Commerce

Committee on Judiciary

Monday, February 2, 2009

2:00 PM Conference

Room 312

**Re: In Opposition to HB No 995**

Chairs Herkes and Karamatsu and Committee Members:

I am a Kaimuki High School and University of Hawaii graduate and have now been working for a local CPA firm for the past 8 months. I am also currently studying to take one part of the CPA Exam.

Someday, I plan to have my own firm and hopefully be able to raise my family in Hawaii. I am very concerned that in recent years the Hawaii State Legislature has considered measures that will bring in increased competition for accounting work in Hawaii. Although I believe competition is good; please consider the local people who pay local taxes, live in, and support the local community during your deliberations.

**If our local state representatives do not support the local people, who else will? I do not believe representatives from other states will be thinking about me as they try to get more work for their constituents.**

Thank you for the opportunity to testify on this matter.

Very truly yours,



Jeanne Kim

# LATE TESTIMONY

## TESTIMONY OF

Eric Nakatsuka

Committee on Consumer Protection & Commerce

Committee on Judiciary

Monday, February 2, 2009

2:00 PM Conference

Room 312

**Re: In Opposition to HB No 995**

Chairs Herkes and Karamatsu and Committee Members:

I am a Pearl City High School and University of Hawaii graduate and have now been working for a local CPA firm for the past three years. I have also taken two out of the four parts to the CPA Exam.

Someday, I plan to have my own firm and hopefully be able to raise my family in Hawaii. I am very concerned that in recent years the Hawaii State Legislature has considered measures that will bring in increased competition for accounting work in Hawaii. Although I believe competition is good; please consider the local people who pay local taxes, live in, and support the local community during your deliberations.

**If our local state representatives do not support the local people, who else will? I do not believe representatives from other states will be thinking about me as they try to get more work for their constituents.**

Thank you for the opportunity to testify on this matter.

Very truly yours,



Eric Nakatsuka



Ronald A. Kawahara & Co.,  
Certified Public Accountants, Inc.

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Wailuku, Maui, Hawaii 96793  
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cpa@mauicpa.net

LATE TESTIMONY

**Before the Committee on Consumer Protection  
& Commerce and the  
Committee on Judiciary**

**Monday, February 2, 2009 at 2:00 p.m.  
Conference Room 325**

**Re: Opposition to HB995  
Relating to Public Accountancy**

**Testimony of Jennifer J Meno**

**Chair Herkes, Chair Karamatsu, Vice Chair Wakai, Vice Chair Ito and committee members:**

**I oppose HB995.** I am a CPA with the accounting firm of Ronald A. Kawahara & Co., Certified Public Accountants, Inc. I have 3 years of experience working in public accounting. I oppose this "no notice, no fees" CPA mobility legislation for the following reasons:

- **Loss of Hawaii jobs** will result when out-of-state and foreign CPAs practice freely in Hawaii without a Hawaii CPA license and permit to practice, with lower CPA licensing standards, no payment of fees, and no notice of practice in Hawaii to the Hawaii Board of Public Accountancy. In the current economic climate, this is not the time to enact legislation that would lead to outsourcing of Hawaii jobs.
- **HB995 is unfair to Hawaii's CPA candidates and Hawaii CPAs.** It allows for lower CPA licensing standards for foreign and out-of-state CPAs who practice in Hawaii versus higher standards that must be met by Hawaii-licensed CPAs. Out-of-state CPAs should meet Hawaii's higher, time-tested standards for licensure for the protection of Hawaii's consumers. For example, Hawaii's experience requirement of 1,500 hours of audit experience or two years of public accounting experience or its equivalent is higher than the standard of one year of general experience for CPA licensure provided for in HB995. In addition, under HB995, foreigners can take certain "substitute" foreign accounting exams in lieu of passing the U.S. AICPA CPA exam.
- **HB995 will result in the loss of thousands of dollars in licensing fees from out-of-state CPAs since HB995 provides that no fees will be charged to out-**



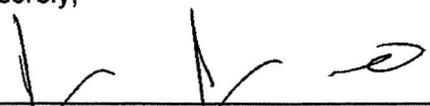
**of-state individual CPAs practicing in Hawaii and certain out-of-state CPA firms.** This is troubling since there will be higher costs of enforcement against foreign and out-of-state CPA practitioners. Hawaii CPAs would have to shoulder the entire burden of the state's CPA licensing fees, and those fees would probably be increased with the loss of tens of thousands of dollars in fees currently collected from out-of-state CPAs who pay permanent Hawaii license and permit to practice fees or temporary permit to practice fees.

- **State legislative control of licensing matters for foreign and out-of-state CPAs practicing in Hawaii would be relinquished to the AICPA and NASBA, two large, national, private membership organizations.** The proposed legislation provides that for non-Hawaii residents, NASBA will be the determining authority as to which foreign and out-of-state CPAs can permanently practice in Hawaii without a Hawaii license and permit-to-practice. If enacted, NASBA (and the AICPA) can and will modify each state's licensing laws without legislative hearings or input from Hawaii consumers or other interested parties.
- **No reciprocal benefit for Hawaii CPAs.** This legislation is one-sided and only provides practice rights for out-of-state CPAs without similar "no notice, no fees" practice rights given to Hawaii CPAs and Hawaii CPA firms to practice in most other states. Although there are some states that have recently adopted CPA mobility legislation, these are typically states with lower CPA licensing standards. In addition, many of these states charge fees, require notice, restrict the scope of practice privileges given to out-of-state CPAs, require CPA firm licensing, or require reciprocal arrangements from the CPA's home state.
- **Hawaii already grants temporary permits-to-practice, with fees** for incidental practice in order to accommodate out-of-state CPAs.
- **Fabricates a false solution for a problem that doesn't exist.** Although others have argued that mobility legislation is necessary to allow practitioners to prepare out-of-state tax returns because of the new electronic age, CPAs and other tax practitioners have been preparing out-of-state tax returns for decades as a matter of practice, and the Hawaii State Tax Department has no restriction on out-of-state tax preparers preparing Hawaii tax returns.

**For the reasons stated above, I strongly oppose HB995 and respectfully request that you vote "NO" on this bill.**

Thank you for this opportunity to testify.

Sincerely,

  
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Jennifer J. Meno, CPA



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## LATE TESTIMONY

### Before the Committee on Consumer Protection & Commerce and the Committee on Judiciary

Monday, February 2, 2009 at 2:00 p.m.  
Conference Room 325

### Re: Opposition to HB995 Relating to Public Accountancy

### Testimony of Robert S. Kawahara

Chair Herkes, Chair Karamatsu, Vice Chair Wakai, Vice Chair Ito and committee members:

I oppose HB995. I am a CPA with the accounting firm of Ronald A. Kawahara & Co., Certified Public Accountants, Inc. I have 4 years of experience working in public accounting. I oppose this "no notice, no fees" CPA mobility legislation for the following reasons:

- **Loss of Hawaii jobs** will result when out-of-state and foreign CPAs practice freely in Hawaii without a Hawaii CPA license and permit to practice, with lower CPA licensing standards, no payment of fees, and no notice of practice in Hawaii to the Hawaii Board of Public Accountancy. In the current economic climate, this is not the time to enact legislation that would lead to outsourcing of Hawaii jobs.
- **HB995 is unfair to Hawaii's CPA candidates and Hawaii CPAs.** It allows for lower CPA licensing standards for foreign and out-of-state CPAs who practice in Hawaii versus higher standards that must be met by Hawaii-licensed CPAs. Out-of-state CPAs should meet Hawaii's higher, time-tested standards for licensure for the protection of Hawaii's consumers. For example, Hawaii's experience requirement of 1,500 hours of audit experience or two years of public accounting experience or its equivalent is higher than the standard of one year of general experience for CPA licensure provided for in HB995. In addition, under HB995, foreigners can take certain "substitute" foreign accounting exams in lieu of passing the U.S. AICPA CPA exam.
- **HB995 will result in the loss of thousands of dollars in licensing fees from out-of-state CPAs since HB995 provides that no fees will be charged to out-**



**of-state individual CPAs practicing in Hawaii and certain out-of-state CPA firms.** This is troubling since there will be higher costs of enforcement against foreign and out-of-state CPA practitioners. Hawaii CPAs would have to shoulder the entire burden of the state's CPA licensing fees, and those fees would probably be increased with the loss of tens of thousands of dollars in fees currently collected from out-of-state CPAs who pay permanent Hawaii license and permit to practice fees or temporary permit to practice fees.

- **State legislative control of licensing matters for foreign and out-of-state CPAs practicing in Hawaii would be relinquished to the AICPA and NASBA, two large, national, private membership organizations.** The proposed legislation provides that for non-Hawaii residents, NASBA will be the determining authority as to which foreign and out-of-state CPAs can permanently practice in Hawaii without a Hawaii license and permit-to-practice. If enacted, NASBA (and the AICPA) can and will modify each state's licensing laws without legislative hearings or input from Hawaii consumers or other interested parties.
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- **Hawaii already grants temporary permits-to-practice, with fees** for incidental practice in order to accommodate out-of-state CPAs.
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**For the reasons stated above, I strongly oppose HB995 and respectfully request that you vote "NO" on this bill.**

Thank you for this opportunity to testify.

Sincerely,



Robert S. Kawahara, CPA  
Vice President