

SB 55

**PRESENTATION OF THE
BOARD OF PUBLIC ACCOUNTANCY**

**TO THE SENATE COMMITTEE ON
COMMERCE AND CONSUMER PROTECTION**

**TWENTY-FIFTH LEGISLATURE
Regular Session of 2009**

**Wednesday, February 04, 2009
9:30 a.m.**

**TESTIMONY ON SENATE BILL NO. 55, RELATING TO PUBLIC
ACCOUNTANCY.**

**TO THE HONORABLE ROSAYLN H. BAKER, CHAIR,
AND MEMBERS OF THE COMMITTEE:**

My name is Thomas Ueno and I am a CPA and a member of the Board of Public Accountancy ("Board"). Thank you for the opportunity to present testimony on behalf of the Board in opposition to Senate Bill No. 55, Relating to Public Accountancy.

The purpose of this bill is to repeal the requirement that all public accountancy firms apply for and obtain a permit to practice to actively engage in the practice of public accountancy in the State of Hawaii.

I would like to preface my comments by informing the Committee that the Board has not yet reviewed this specific bill, the provisions of which are scheduled for discussion and formulation of a position at the Board's meeting on Friday, February 6, 2009. It is at this meeting that all proposed legislation regarding public accountancy is slated to be addressed in a public forum to which all interested parties have been invited. These parties include the National Association of State Boards of Accountancy ("NASBA"), the Hawaii Association

of Public Accountants ("HAPA"), and the Hawaii Society of Certified Public Accountants ("HSCPA"). Because the results of this forum are not available at this time, my testimony in opposition to this bill reflects the Board's position based upon discussions, decisions, and determinations made in the recent past regarding firm permits to practice.

Over the past several years the Board has worked to implement the firm permit to practice requirement by promulgating new administrative rules, as part of an overhaul and update of the Board's Hawaii Administrative Rules chapter 16-71. The Board believes that implementation of this requirement is crucial to advance its position in support of practice mobility and the establishment of practice privilege.

As you may be aware, Senate Bill No. 542 proposes to do just that: establish practice mobility that allows a certified public accounting firm with an out-of-State license, that has its primary place of business in that state and does not maintain an office in Hawaii, to practice in this State without a Hawaii firm license as long as the practice is performed by and through either an individual with a Hawaii CPA license and permit to practice, or through a CPA who holds a practice privilege. S.B. No. 542 also establishes the parameters of this practice privilege.

In its support of practice mobility, the Board believes that now, more than ever before, the electronic age makes conducting business across state borders an everyday occurrence. There is a critical need for states to adopt a uniform

mobility system that will allow licensed CPAs to provide services across state lines without unnecessary burdens that only serve to limit consumer access to professional services while not providing any further protection of the public interest. With the establishment of practice mobility, Hawaii will join the growing network, which currently includes thirty (30) states, that allows for this cross-border practice, and Hawaii CPAs and CPA firms will be able to provide their public accountancy services to clients throughout the network who need and want their expertise, special knowledge, and proficiency. The fluidity with which this can be accomplished will allow our CPAs and CPA firms to plan different and expanded business realities and seek to alter their business practice paradigm.

These ambitious new business ventures may not be possible if the Hawaii CPA firm cannot meet the practice privilege requirements of the state in which the business expansion is planned, which includes that the firm be registered or licensed as a CPA firm. Repeal of the firm permit to practice, which is what this bill proposes, could disallow the Hawaii CPA firm from practice in that state under a practice privilege, or at the very least, will place the Hawaii CPA firm at a disadvantage by hindering its efforts to comply with the practice privilege requirements in order to timely service clients in that state.

As mentioned at the beginning of my testimony, the Board will meet on February 6, 2009 with representatives of NASBA, HAPA, HSCPA, and other interested parties to review and discuss this and other critical measures relating to the practice of public accountancy, and will be prepared to report its resulting

Testimony on Senate Bill No. 55
Wednesday, February 4, 2009
Page 4

position regarding the specific provisions of S.B. No. 55 to the Legislature
subsequent to that meeting.

Thank you for the opportunity to provide testimony.

**HAWAII ASSOCIATION OF PUBLIC ACCOUNTANTS**

Organized August 7, 1943
P.O. BOX 61043
HONOLULU, HAWAII 96839

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

Wednesday, February 4, 2009 at 9:30 a.m.
Conference Room 229

Re: Support for SB 55

Relating to Public Accountancy

Testimony of Gregg M. Taketa

Chair Baker, Vice Chair Ige, and committee members:

I support SB 55. I am the State President of the Hawaii Association of Public Accountants and a certified public accountant with over 30 years of public accounting experience.

SB 55 repeals the requirement for CPA firms to obtain a permit to practice in order to practice public accountancy. HRS §466-7 (d) specifies that "All firms shall obtain a permit to practice. The board may issue or renew a permit to actively engage in the practice of public accountancy to any firm which submits a completed application and demonstrates qualifications as prescribed by the board (emphasis added)."

HRS §466-7 (e) further states, in part, "... Continued performance in the practice of public accountancy without a permit shall constitute unlicensed activity and the individual or firm shall be subject to sections 466-9 and 466-11, section 487-13, and section 26-9.

The Board of Public Accountancy has delayed passing administrative rules to specify the qualifications to obtain a CPA firm permit to practice and has not issued firm permits even though the requirement has been law from 1989. Since the Board apparently does not want to issue firm permits and since CPAs in Hawaii have conducted business for many years without firm permits, the requirement for firm permits should be eliminated so that CPA firms do not have the appearance of practicing public accounting illegally.

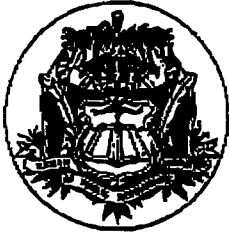
Please support SB 55 for the reasons stated above. Thank you for this opportunity to testify.

Respectfully submitted,

Handwritten signature of Gregg M. Taketa in cursive.

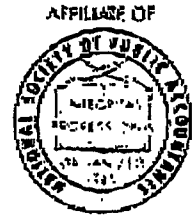
Gregg M. Taketa, CPA
State President

Hawaii Association of Public Accountants



HAWAII ASSOCIATION OF PUBLIC ACCOUNTANTS

Organized August 7, 1943
P.O. BOX 61043
HONOLULU, HAWAII 96839



Before the Committee on Commerce and Consumer Protection

Wednesday, February 4, 2009 at 9:30 a.m.

Conference Room 229

Re: Support for SB 55

Relating to Public Accountancy

Testimony of Marilyn M. Niwao, J.D., CPA

Chair Baker, Vice Chair Ige, and committee members:

HAPA's board (and I) support SB 55. I am a CPA and attorney, practicing public accounting as a principal of Niwao & Roberts, CPAs, a P.C., a CPA firm on Maui. I am a past state president, current board member and legislative committee co-chairperson for the Hawaii Association of Public Accountants (HAPA), an association that represents local public accounting practitioners (primarily CPA firm owners and staff) throughout the State of Hawaii. I am the National Society of Accountants Governor of District XI, serving on the national governing board of this organization. I am also a member and past director of the HSCPA and a member of the AICPA.

SB 55 repeals the requirement for CPA firms to obtain a permit to practice in order to practice public accountancy. HRS §466-7 (d) specifies that "All firms shall obtain a permit to practice. The board may issue or renew a permit to actively engage in the practice of public accountancy to any firm which submits a completed application and demonstrates qualifications as prescribed by the board (emphasis added)."

HRS §466-7 (e) further states, in part, "... Continued performance in the practice of public accountancy without a permit shall constitute unlicensed activity and the individual or firm shall be subject to sections 466-9 and 466-11, section 487-13, and section 26-9.

Unfortunately, for unknown reasons, the board has delayed passing administrative rules to specify the qualifications to obtain a CPA firm permit to practice and has not issued firm permits even though the requirement has been law from 1989. I am aware that the board approved proposed administrative rules incorporating firm licensing approximately two years ago, after working on the rules for about a year and a half. At that time, the board's executive officer mentioned that it may take from three to five years to get the rules passed because of a backlog in the rules process.

Since then, it appears the administrative rules were placed on the back burner until they were again addressed (with more changes) and approved again by the board about a month or two ago. Due to the uncertainty of when these rules would take effect (another three to five years?) we ask that SB 55 be passed so that CPA firms do not have the appearance of practicing public accounting illegally. In addition, CPA firms have in fact been conducting business in Hawaii for many years without these firm permits, without adverse consequences to the State of Hawaii.

Please support SB 55 for the reasons stated above. If you have any questions, please do not hesitate to contact me at (808) 242-4600, ext. 224.

Thank you for this opportunity to testify.

Respectfully submitted,



Marilyn M. Niwao, J.D., CPA
HAPA Legislative Committee Co-chairperson and Board member

NIWAO
&
ROBERTS

Certified Public Accountants, A Professional Corporation

Before the Committee on Commerce and Consumer Protection

**Wednesday, February 4, 2009 at 9:30 a.m.
Conference Room 229
State Capitol**

**Re: Support for SB 55
Relating to Public Accountancy**

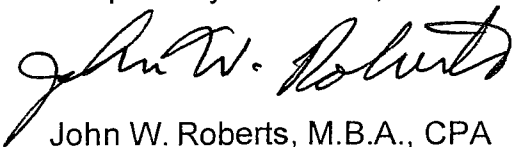
Testimony of John W. Roberts, CPA

Chair Baker, Vice Chair Ige and committee members:

I support SB 55 which eliminates CPA firm permits to practice. To date, CPA firms in Hawaii have not been able to receive firm permits to practice. The Board of Public Accountancy still has not issued administrative rules to implement CPA firm permits to practice, and the law requiring firm permits has been in effect since 1989. Please see attached correspondence relating to this matter.

Thank you for this opportunity to testify.

Respectfully submitted,



John W. Roberts, M.B.A., CPA
Principal

Enclosures

NIWAO
&
ROBERTS

COPY

Certified Public Accountants, A Professional Corporation

November 22, 2008

Mr. Howard Todo, Chairman, and
Members of the Hawaii Board of Public Accountancy
DCCA-PVL
Att: Acct
P.O. Box 3469
Honolulu, HI 96801

Re: Firm Permit to Practice for Niwao & Roberts, Certified Public Accountants,
a Professional Corporation

Ladies and Gentlemen:

Approximately one year has passed since our firm wrote to you requesting that Niwao & Roberts, CPAs, a P. C. be issued a firm permit to practice as required by Hawaii Revised Statutes (HRS) §466-7 (see the enclosed letter dated November 27, 2007). No permit has been issued. As a result, the principals of our firm could not certify that our firm was in compliance with the laws governing the CPA profession in Hawaii, and we lost an opportunity to substantially expand in Hawaii as well as open an office on the mainland.

Our firm received your enclosed letter dated February 1, 2008 which indicates that the Hawaii Revised Statutes requiring firm permits is not law unless the Board of Public Accountancy issues related administrative rules, even though HRS §466-7 (d) is specific and says that "All firms shall obtain a permit to practice. The board may issue or renew a permit to actively engage in the practice of public accountancy to any firm which submits a completed application and demonstrates qualifications as prescribed by the board (emphasis added)." In my opinion, laws promulgated under the Hawaii Revised Statutes should not be disregarded by the Board of Public Accountancy due to its own failure (after a reasonable time period) to issue administrative rules to implement these laws.

As you know, the State of Hawaii spends millions of dollars through grants and tax credits to attract and retain businesses that hopefully will provide good-paying, non-polluting jobs for its citizens. In the current economic environment where every job counts, it is most unfortunate that the failure to implement a law that has been on the books since 1989, according to the head research librarian of the Hawaii Legislative Reference Bureau, caused the forfeiture of local jobs and tax revenues.¹

¹ See enclosed e-mail message, dated April 3, 2008, from Karen Mau to John Roberts.

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The principals of our firm understand that amended administrative rules implementing firm licensing were approved by the Board of Public Accountancy around March of 2007. However, representatives of your board subsequently indicated that the process to implement administrative rules will take an additional three to five years due to a backlog of rules for other boards.

Although it is too late to salvage our firm's lost opportunity, I urge the Board of Public Accountancy to take immediate action to remedy the situation. Towards this goal, I recommend the Board of Public Accountancy do the following:

1. Endorse legislation to remove the firm permit to practice requirement. Time has proven that a) the current requirement is unnecessary for the protection of Hawaii consumers, and b) the Board is unable to implement the existing law in a timely manner.
2. Review the rules process and make recommendations to the administration of Governor Linda Lingle and the State of Hawaii legislature regarding what reforms are needed so that the public and Hawaii businesses can be assured that the laws governing Hawaii commerce will be implemented expeditiously and without delay.

Thank you for your consideration of this matter.

Very truly yours,



Marilyn M. Niwao, J.D., CPA
President

Enclosures: Letter from Niwao & Roberts dated November 27, 2007
Letter from Board of Public Accountancy dated February 1, 2008
E-mail message from Legislative Reference Bureau dated April 3, 2008

cc: The Honorable Rosalyn H. Baker, Senator
The Honorable Les Ihara, Jr., Senator
The Honorable Robert N. Herkes, Representative
The Honorable Angus L.K. McKelvey, Representative
The Honorable Isaac Choy, Representative
Mr. Gregg Taketa, President of the Hawaii Association of Public Accountants

NIWAO
&
ROBERTS

Certified Public Accountants, A Professional Corporation

COPY

November 27, 2007

Mr. Howard Todo, Chairman, and
Members of the Hawaii Board of Public Accountancy
DCCA-PVL
Att: Acct
P.O. Box 3469
Honolulu, HI 96801

Re: Firm Permit to Practice for Niwao & Roberts, Certified Public Accountants,
a Professional Corporation

Ladies and Gentlemen:

We respectfully request that our firm be issued a permit to practice as required
by Hawaii Revised Statutes (HRS) §466-7.

HRS §466-7 states, in part:

- (d) All firms shall obtain a permit to practice. The board may issue or renew a permit to actively engage in the practice of public accountancy to any firm which submits a completed application and demonstrates qualifications as prescribed by the board.
- (e) Failure to submit the required fees, continuing education hours, or other requirements for renewal as specified in this section by December 31 of every odd-number year, shall constitute forfeiture of the permit. Continued performance in the practice of public accountancy without a permit shall constitute unlicensed activity and the individual or firm shall be subject to sections 466-9 and 466-11, section 487-13, and section 26-9.

Even though the firm permit to practice requirement has been law for years, the Board of Public Accountancy has yet to implement rules and develop application forms for issuing permits to practice to firms. In failing to do so, all certified public accounting firms in the State of Hawaii appear to have been and continue to be engaged in unlicensed activity as described in HRS § 466-7 (e) above. Since we cannot certify that our firm is in compliance with Hawaii's professional licensing

COPY

laws, this status raises questions whether our firm's errors and omissions insurance policy would be valid if a claim is ever filed against our firm. It also impairs our firm's ability to market our services outside of the State of Hawaii.

The lack of a firm permit to practice, as required by Hawaii law, continues to place our firm at a competitive disadvantage compared to CPA firms based in other states. We understand the Board has been aware of this situation for at least a few years, and, therefore, we respectfully request that you please issue a permit to practice to our firm.

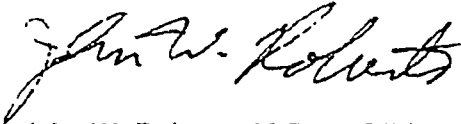
Should you require additional information, please contact us.

Thank you for your assistance in this matter.

Very truly yours,



Marilyn M. Niwao, J.D., CPA
President



John W. Roberts, M.B.A., CPA
Vice President

Enclosure: Copy of HRS 466-7 (d) and (e)

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

§466-7 Permits to practice. (a) A license and permit are required to actively engage in the practice of public accountancy. The board may grant or renew a permit to actively engage in the practice of public accountancy. Permits shall be initially issued and renewed for periods of two years but in any event shall expire on December 31 of every odd-numbered year. The board shall prescribe the methods and requirements for application.

- (b) An applicant for the initial issuance or renewal of a permit shall have:
 - (1) A valid license;
 - (2) Completed continuing professional education hours, the content of which shall be specified by the board which may provide for special consideration by the board to applicants for permit renewal when, in the judgment of the board, full compliance with all requirements of continuing education cannot reasonably be met;
 - (3) Completed an application; and
 - (4) Paid appropriate fees and assessments.
- (c) The board may grant a temporary permit to actively engage in the practice of public accountancy to any person who:
 - (1) Has attained eighteen years of age;
 - (2) Possesses a history of competence, trustworthiness, and fair dealing;
 - (3) Holds a valid license of certified public accountant or of public accountant issued under the laws of another state, or who holds a valid comparable certificate, registration, or license or degree from a foreign country determined by the board to be a recognized qualification for the practice of public accountancy in such other country;
 - (4) Incidental to the person's practice in such other state or country, desires to practice public accountancy in this State on a temporary basis; and
 - (5) Has completed an application.

Such permit shall be effective for a period not exceeding three months, and shall specify the nature and extent of the practice so permitted.

(d) All firms shall obtain a permit to practice. The board may issue or renew a permit to actively engage in the practice of public accountancy to any firm which submits a completed application and demonstrates qualifications as prescribed by the board.

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

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LINDA LINGLE
GOVERNOR

JAMES R. AIOHA, JR.
LT. GOVERNOR



LAWRENCE M. REIFURTH
DIRECTOR

NOE NOE TOM
LICENSING ADMINISTRATOR

BOARD OF PUBLIC ACCOUNTANCY

STATE OF HAWAII
PROFESSIONAL AND VOCATIONAL LICENSING DIVISION
DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS
P.O. Box 3489
HONOLULU, HAWAII 96801
www.hawaii.gov/dcca/pvl

February 1, 2008

Marilyn M. Niwao, J.D., CPA, President
John W. Roberts, M.B.A., CPA, Vice President
Niwao & Roberts, Certified Public Accountants,
A Professional Corporation
2145 Wells St., Suite 402
Wailuku, Hawaii 96793

Dear Ms. Niwao and Mr. Roberts:

Re: Request for a Firm Permit to Practice for Niwao & Roberts,
Certified Public Accountants, a Professional Corporation

At its January 25, 2008 meeting, the Board of Public Accountancy ("Board") discussed your November 27, 2007 letter and request to have the Board issue a permit to practice to your certified public accountancy ("CPA") firm, Niwao & Roberts.

The Board reviewed Hawaii Revised Statutes ("HRS") §466-7 and determined that the law requires all CPA firms to obtain a permit to practice. However, the law also requires that the Board prescribe the qualifications to obtain the CPA firm permit to practice. It was further determined that these qualifications must be specified in the Board's administrative rules.

As you are well aware, the Board's current administrative rules do not address CPA firm permits to practice. However, the Board is in the process of amending its administrative rules to specify the qualifications to obtain a CPA firm permit to practice. Thus, until these rule amendments are promulgated, the Board is unable to issue a permit to practice to your (or any other) CPA firm.

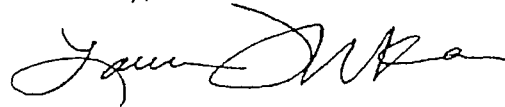
Marilyn M. Niwao, J.D., CPA, President
John W. Roberts, M.B.A., CPA, Vice President
February 4, 2008
Page 2

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Because the Board is unable to issue CPA firm permits to practice, the Board does not consider CPA firms to be engaging in unlicensed activity due to the lack of a CPA firm permit to practice.

If you have any questions on the above, please do not hesitate to contact me at (808) 586-2696.

Sincerely,



Lauren M. Kai
Executive Officer

COPY

Page 1 of 1

John Roberts

From: LRB Library [lrb@Capitol.hawaii.gov]
Sent: Thursday, April 03, 2008 10:44 AM
To: John Roberts
Subject: RE: Date of Adoption for HRS Section 466-7 (d) CPA Firm Permits to Practice

Section 466-7, Hawaii Revised Statutes, Permits to practice; (d) was added in 1989 by Act 110.

The text of Act 110, is available in the Session Laws of Hawaii, 1989; contact the Second Circuit Court Law Library – Maui, 244-2959.

Aloha,
Karen Mau
Head Research Librarian
Legislative Reference Bureau
State Capitol, Rm. 005
Honolulu, HI 96813
Phone 808-587-0690
Fax 808-587-0699

From: John Roberts [mailto:Roberts@mauicpa.com]
Sent: Tuesday, April 01, 2008 10:26 PM
To: LRB Library
Subject: Date of Adoption for HRS Section 466-7 (d) CPA Firm Permits to Practice

Ladies and Gentlemen:

I am writing to request your assistance in determining when Hawaii Revised Statutes Section 466-7 (d) became law. This section states:

(d) All firms shall obtain a permit to practice. The board may issue or renew a permit to actively engage in the practice of public accountancy to any firm which submits a completed application and demonstrates qualifications as prescribed by the board.

Thank you for any assistance that you can provide in response to this request.

Very truly yours,

John W. Roberts

John W. Roberts, M.B.A., CPA
Niwao & Roberts, CPAs, a P. C.
2145 Wells Street, Suite 402
Wailuku, Hawaii 96793
Tel.: (808) 242-4600 ext. 223
Fax: (808) 242-4607
Email: roberts@mauicpa.com
Website: www.mauicpa.com

11/12/2008

9

From: Kent Tsukamoto [kent.tsukamoto@accuityllp.com]
Sent: Tuesday, February 03, 2009 3:06 PM
To: CPN Testimony
Subject: Testimony in Opposition to SB55

Follow Up Flag: Follow up
Flag Status: Flagged

Before the Senate Committee on
Commerce & Consumer Protection

Wednesday, February 4, 2009
9:30 a.m.
Conference Room 229

Testimony In Opposition of SB 55
Relating to Public Accountancy

Testimony of Kent K. Tsukamoto, CPA

Chair Baker, Vice Chair Ige and Committee members:

I am writing to testify in opposition of Senate Bill 55. My name is Kent K. Tsukamoto and I am the managing partner of Accuity LLP, a Hawaii based, locally owned full service CPA firm. I have practiced as a CPA in Hawaii and California for over 31 years.

SB 55 will prematurely eliminate a law that the Board of Public Accountancy is currently addressing through a comprehensive package in 'overhauling' the Board's Hawaii Administrative Rules. The vast majority of CPA's practicing public accounting in Hawaii believe that implementation of the firm Permit to Practice rule is critical to enhance public protection of the primary service of certified public accountants: attestation services. These are services that the public (especially financial, insurance and bonding companies) relies upon when making financial decisions. We should NOT loosen the appropriate oversight and vigilance over the CPA profession at this point in our economy and our history. Other states (such as New York) have actually strengthened oversight over firms by requiring registration and peer review.

The small vocal minority proponents of the bill argue that despite enacting firm licensing in 1989, implementing rules have yet to be promulgated. The fact is that the Board of Public Accountancy has in fact approved an inclusive package of amendments to the Rules – of which Firm Permits to Practice is included. This package is currently undergoing the procedural departmental processes. Regulatory delay is NOT a reason to repeal an existing law that serves a purpose, provides firm oversight and enhances the public interest.

Firm Permits to Practice will allow the Board to further strengthen our self-regulatory process for the future. In a separate measure, CPAs have proposed legislation to require CPA firms that provide attest services to undergo peer review. This review covers a random sampling of engagements and includes an evaluation of relevant working papers and reports to determine if appropriate standards were followed.

CPAs have a privilege to practice public accountancy, and it's this privilege that is important to the public whose reliance on financial information is so essential to our economy and markets. Please continue to keep firm Permits to Practice in the statutes. I urge you to oppose SB 55.

Mahalo for your consideration,

Kent K. Tsukamoto CPA

Kent K. Tsukamoto
Managing Partner

Accuity LLP
999 Bishop Street Suite 1900
Honolulu, Hawaii 96813

Ph. (808) 531-3400
Fax (808) 531-3433

IRS Circular 230 Notice: To ensure compliance with requirements imposed by the IRS, we inform you that any U.S. tax advice contained in this communication (including any attachments) is not intended or written to be used, and cannot be used, for the purpose of (i) avoiding penalties under the Internal Revenue Code or (ii) promoting, marketing or recommending to another party any transaction or matter addressed herein.

PERALTO & CO. CPAs, Inc., P.C.
180 Kinoole Street #302
Hilo, Hawaii 96720

Office (808) 961-3462 Fax (808) 961-3571

February 3, 2009

Re: Support for SB 55

Relating to Public Accountancy

Testimony of Valerie M. Peralto

Chair Baker, Vice Chair Ige, and committee members:

I support SB 55. I am a CPA and principal of Peralto & Co. CPAs Inc. PC with 33 years of experience working in public accounting on the Big Island of Hawaii.

SB 55 repeals the requirement for CPA firms to obtain a permit to practice in order to practice public accountancy. HRS §466-7 (d) specifies that "All firms shall obtain a permit to practice. The board may issue or renew a permit to actively engage in the practice of public accountancy to any firm which submits a completed application and demonstrates qualifications as prescribed by the board (emphasis added)."

HRS §466-7 (e) further states, in part, "... Continued performance in the practice of public accountancy without a permit shall constitute unlicensed activity and the individual or firm shall be subject to sections 466-9 and 466-11, section 487-13, and section 26-9.

Unfortunately, for unknown reasons, the board has delayed passing administrative rules to specify the qualifications to obtain a CPA firm permit to practice and has not issued firm permits even though the requirement has been law from 1989. Since the board apparently does not want to issue firm permits and since CPAs in Hawaii have conducted business for many years without firm permits, the requirement for firm permits should be eliminated so that CPA firms do not have the appearance of practicing public accounting illegally.

LESLIE S. KAYA
CERTIFIED PUBLIC ACCOUNTANT

2065 S. KING STREET
SUITE 208
HONOLULU, HAWAII 96826
TEL: (808) 949-2640

Before the Committee on Commerce and Consumer Protection

Wednesday, February 4, 2009 at 9:30 a.m.
Conference Room 229

Re: Support for SB 55
Relating to Public Accountancy

Testimony of Leslie Kaya, CPA

Chair Baker, Vice Chair Ige, and committee members:

I support SB 55. I am a CPA and principal of Leslie S Kaya, CPA with thirty years of experience working in public accounting.

SB 55 repeals the requirement for CPA firms to obtain a permit to practice in order to practice public accountancy. HRS 466-7 (d) specifies that "All firms shall obtain a permit to practice. The board may issue or renew a permit to actively engage in the practice of public accountancy to any firm which submits a completed application and demonstrates qualifications as prescribed by the board."

HRS 466-7 (e) further states, in part "...Continued performance in the practice of public accountancy without a permit shall constitute unlicensed activity and the individual or firm shall be subject to sections 466-9 and 466-11, and section 26-9.

Unfortunately, for unknown reasons, the board has delayed passing administrative rules to specify the qualifications to obtain a CPA firm permit to practice and has not issued firm permits even though the requirement has been law from 1989. Since the board does not apparently does not want to issue firm permits and since CPAs in Hawaii have conducted business for many years without firm permits, the requirement for firm permits should be eliminated so that CPA firms do not have the appearance of practicing public accounting illegally.

Please support SB 55 for the reasons stated above. Thank you for this opportunity to testify.

Respectfully submitted,



Leslie Kaya, CPA

1 800-586-6659

2/3/2009
Page 1 of 2

Ginger Sandell, MBA, CPA
Personal Financial Specialist
76-6225 Kuakini Highway, Building B #102
Kailua Kona, HI 96740
Tel (808) 329-7108/Fax (808)329-7110
www.gingercpa.com

Before the Committee on Commerce and Consumer Protection

Wednesday, February 4, 2009 at 9:30 a.m.

Conference Room 229

Re: Support for SB 55

Relating to Public Accountancy

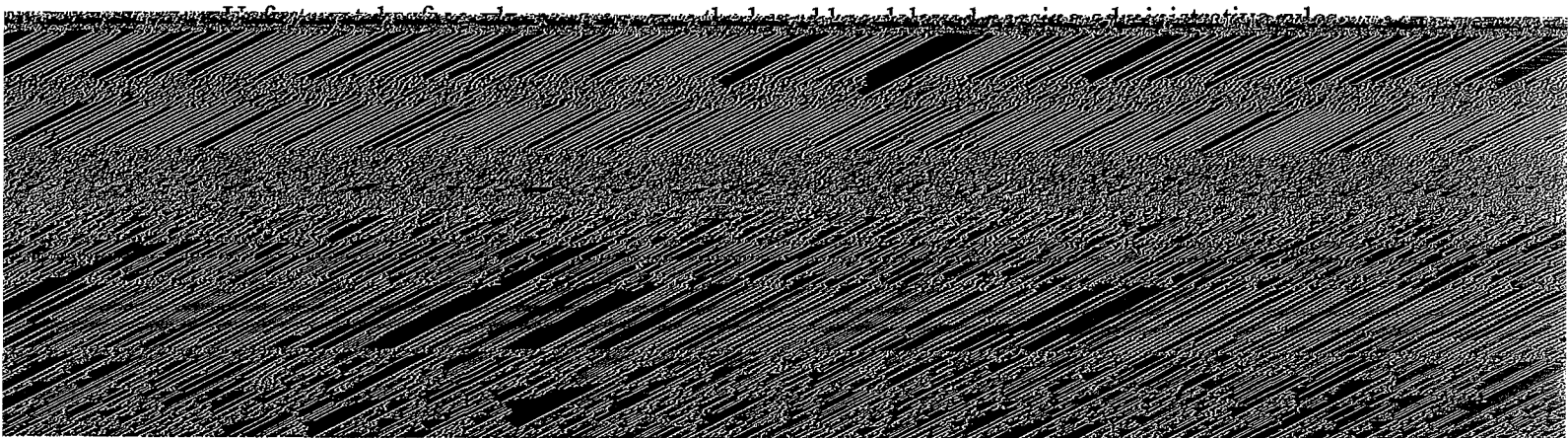
Testimony of Ginger Sandell

Chair Baker, Vice Chair Ige, and committee members:

I support SB 55. I am a CPA and principal of Ginger Sandell Financial Services, LLC with 30 years of experience working in public accounting and private industry.

SB 55 repeals the requirement for CPA firms to obtain a permit to practice in order to practice public accountancy. HRS §466-7 (d) specifies that "All firms shall obtain a permit to practice. The board may issue or renew a permit to actively engage in the practice of public accountancy to any firm which submits a completed application and demonstrates qualifications as prescribed by the board (emphasis added)."

HRS §466-7 (e) further states, in part, "... Continued performance in the practice of public accountancy without a permit shall constitute unlicensed activity and the individual or firm shall be subject to sections 466-9 and 466-11, section 487-13, and section 26-9.



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

**Wednesday, February 4, 2009 at 9:30 a.m.
Conference Room 229**

**Re: Support for SB 55
Relating to Public Accountancy**

Chair Baker, Vice Chair Ige, and committee members:

I am a CPA from Hilo and have been in practice for over 30 years.

I support SB 55 that repeals the requirement for CPA firms to obtain a permit to practice in order to practice public accountancy. This provision has been part of the Hawaii Revised Statutes for over 15 years and has never been implemented by the Department of Commerce and Consumer Affairs or the Board of Public Accountancy.

I feel it is only good public policy that laws on the books like this that has never been implemented for many years should be removed from the Statutes before it causes CPAs and potentially the State future practice rights problems.

Thank you for this opportunity to testify.

Respectfully submitted,



Brian M. Iwata

Before the Senate Committee on
Commerce & Consumer Protection

Wednesday, February 4, 2009
9:30 a.m.
Conference Room 229

In Opposition of SB 55
Relating to Public Accountancy

Testimony of Terri Fujii, CPA

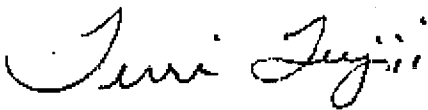
Chair Baker, Vice Chair Ige and Committee members:

My name is Terri Fujii and I am a CPA in Hawaii. I oppose Senate Bill 55 as this bill proposes to eliminate the firm Permit to Practice which is a matter that the Board of Public Accountancy (Board) is currently addressing through its 'overhaul' of the Board's Hawaii Administrative Rules. The implementation of the firm Permit to Practice rule is critical to enhance public protection for the attest services provided by CPAs in Hawaii.

The Board has approved an inclusive package of amendments to the Rules, which includes Firm Permits to Practice. This package is currently undergoing the procedural departmental review processes. Firm Permits to Practice will allow the Board to further strengthen our self-regulatory process. In a separate bill, the Hawaii Society of Public Accountants has proposed legislation to require CPA firms that provide attest services to undergo peer review. Firm Permits to Practice are a necessary part of mandatory peer review.

I urge you to oppose SB 55.

Respectfully submitted,

A handwritten signature in cursive script that reads "Terri Fujii".

Terri Fujii, CPA

Before the Senate Committee on
Commerce & Consumer Protection

Wednesday, February 4, 2009
9:30 a.m.
Conference Room 229

LATE TESTIMONY

In Opposition of SB 55 Relating to Public Accountancy

Testimony of Ross Murakami, CPA

Chair Baker, Vice Chair Ige and Committee members:

Thank you for the opportunity to testify in opposition of Senate Bill 55. My name is Ross Murakami and I am currently one of two accountants from Hawaii representing the CPA's from this jurisdiction at the AICPA. I am also a past president of the Hawaii Society of Certified Public Accountants (HSCPA).

I strongly oppose this bill as it is intended to prematurely eliminate a law that the Board of Public Accountancy is currently addressing through a comprehensive package that will overhaul the Hawaii Administrative Rules pertaining to Accountancy. One component to this overhaul is the establishment of rules governing firm permit to practice. The Firm Permit to Practice rule is critical to enhance public protection of the primary service of certified public accountants: attestation services. These are services that the public (especially financial, insurance and bonding companies) relies upon when making financial decisions.

Firm Permits to Practice will allow the Board to further strengthen our self-regulatory process for the future. In a separate measure, we have proposed legislation to require CPA firms that provide attest services to undergo peer review. This review covers a random sampling of engagements and includes an evaluation of relevant working papers and reports to determine if appropriate standards were followed.

CPAs have a privilege to practice accountancy, and it's this privilege that is important to the public whose reliance on financial information is so essential to our economy and markets. Keep firm Permits to Practice in the statutes and we urge you to oppose SB 55. Thank you for the opportunity to testify.

Respectfully submitted,

Ross Murakami
AICPA Council Member
Past President, Hawaii Society of CPAs

JAMES C.L. MOO, C.P.A., INC
6700 Kalaniana'ole Highway
Suite 218
Honolulu, Hawaii 96825
(808) 396-6988

LATE TESTIMONY

February 3, 2009

Before the Committee on Commerce and Consumer Protection

Wednesday, February 4, 2009 at 9:30 a.m. Conference Room 229

Re: Support for SB 55 Relating to Public Accountancy

Testimony of James C.L. Moo, C.P.A.

Chair Baker, Vice Chair Ige, and committee members:

I support SB 55. I am a CPA and owner of James C.L. Moo, C.P.A., Inc., with over 30 years of experience working in public accounting. I am a Past President of the Hawaii Association of Public Accountants (HAPA) and a practicing Certified Public Accountant (CPA) in Hawaii for over 30 years. I am also a former Board of Governor of the National Society of Accountants (HAPA's national affiliate consisting of about 13,000 members internationally).

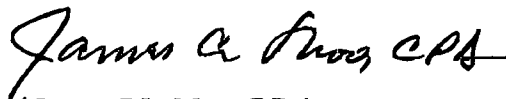
SB 55 repeals the requirement for CPA firms to obtain a permit to practice in order to practice public accountancy. HRS §466-7(d) specifies that "All firms shall obtain a permit to practice. The board may issue or renew a permit to actively engage in the practice of public accountancy to any firm which submits a completed application and demonstrates qualifications as prescribed by the board (emphasis added)."

HRS §466-7 (e) further states, in part, "... Continued performance in the practice of public accountancy without a permit shall constitute unlicensed activity and the individual or firm shall be subject to sections 466-9 and 466-11, section 487-13, and section 26-9.

Unfortunately, for unknown reasons, the board has delayed passing administrative rules to specify the qualifications to obtain a CPA firm permit to practice and has not issued firm permits even though the requirement has been law from 1989. Since the board apparently does not want to issue firm permits and since CPAs in Hawaii have conducted business for many years without firm permits, the requirement for firm permits should be eliminated so that CPA firms do not have the appearance of practicing public accounting illegally.

Please support SB 55 for the reasons stated above. Thank you for this opportunity to testify.

Respectfully submitted,


James C.L. Moo, C.P.A.

SHEA & CO., CPA'S, INC.**LATE TESTIMONY**

1585 KAPIOLANI BOULEVARD
SUITE 1240
HONOLULU, HAWAII 96814-4527

(808) 949-4209
FAX (808) 942-9576
E-MAIL ~~pshea@stc.net~~
shea_and_co@hawaiiantel.n

Before the Committee on Commerce and Consumer Protection

**Wednesday, February 4, 2009 at 9:30 a.m.
Conference Room 229**

Re: Support for SB 55

Relating to Public Accountancy

Testimony of Reynold Lum, CPA**Chair Baker, Vice Chair Ige, and committee members:**

I support SB 55. I am a CPA and principal of Shea & Co., CPA's, Inc. with 29 years of experience working in public accounting.

SB 55 repeals the requirement for CPA firms to obtain a permit to practice in order to practice public accountancy. HRS §466-7 (d) specifies that "All firms shall obtain a permit to practice. The board may issue or renew a permit to actively engage in the practice of public accountancy to any firm which submits a completed application and demonstrates qualifications as prescribed by the board (emphasis added)."

HRS §466-7 (e) further states, in part, ".... Continued performance in the practice of public accountancy without a permit shall constitute unlicensed activity and the individual or firm shall be subject to sections 466-9 and 466-11, section 487-13, and section 26-9.

Unfortunately, for unknown reasons, the board has delayed passing administrative rules to specify the qualifications to obtain a CPA firm permit to practice and has not issued firm permits even though the requirement has been law from 1989. Since the board apparently does not want to issue firm permits and since CPAs in Hawaii have conducted business for many years without firm permits, the requirement for firm permits should be eliminated so that CPA firms do not have the appearance of practicing public accounting illegally.

Please support SB 55 for the reasons stated above. Thank you for this opportunity to testify.

Respectfully submitted,



Reynold Lum
Certified Public Accountant

LATE TESTIMONY

From: Carleton L. Williams [CWilliams@cwassociatescpas.com]
Sent: Tuesday, February 03, 2009 10:55 PM
To: CPN Testimony
Subject: In Opposition of SB 55

Follow Up Flag: Follow up
Flag Status: Flagged

Senate Committee on Commerce & Consumer Protection

Wednesday, February 4, 2009, 9:30 a.m. – Conference Room 229

In Opposition of SB 55

Testimony of Carleton L. Williams, Past President of the Hawaii Society of CPAs and Member of the Governing Council of the American Institute of CPAs

Chair Baker and Committee Members:

This testimony is in opposition to **SB 995** that would remove firm permits to practice from our legislative scheme.

Firm permits to practice were intended to be an integral part of the laws and rules that protect the public by holding CPAs to high standards. Peer review is a key component of that protection in nearly every other state and, in fact, is necessary for Hawaii CPAs to practice in most of them under recently passed legislation. For the peer review process to meet the requirements of those states, a mechanism for firm permits to practice is essential. Removing that mechanism may jeopardize the ability of Hawaii based CPAs to compete outside of our home state.

The Board of Public Accountancy undertook the process of writing the rules to implement the existing legislation for firm permits to practice, with the assistance and support of the Hawaii Society of CPAs and the proponents of this bill. All interested parties have been most anxious for that process to be completed, but the wheels of government grind slowly. Incredibly, at the cusp of completion of the rules, comes this effort to remove their legislative underpinnings. Please allow the parties to complete their efforts. Please put SB 55 to rest.

Respectfully submitted,

Carleton L. Williams, CPA