

JAN 29 2015

A BILL FOR AN ACT

RELATING TO PUBLIC ACCOUNTANCY MOBILITY.

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

1 SECTION 1. The legislature finds that individual
2 nonresident certified public accountants who practice in another
3 state may need to provide services to Hawaii residents on an
4 emergency and temporary basis. However, the state board of
5 public accountancy can only regulate accountants who hold a
6 license and permit issued by this State. The legislature
7 further finds that it must balance the interest of protecting
8 its residents against allowing unlicensed activity.

9 Furthermore, the legislature finds that some out-of-state
10 accountants have practiced in this State without paying Hawaii
11 state taxes. The legislature finds this practice to be patently
12 unfair to other businesses and the residents of the State.

13 The purpose of this Act is to authorize the provision of
14 necessary services, protect Hawaii residents, and ensure that
15 nonresident certified public accountants pay taxes like other
16 businesses in this State, by establishing an alternate means for
17 certified public accountants to provide temporary and emergency



1 services to Hawaii clients. This Act also subjects nonresident
2 certified public accountants who lack a Hawaii license and
3 permit, but who practice in our State under this alternative
4 means, to enhanced penalties and fines for violating the
5 privilege of engaging in activity that would otherwise require a
6 state license and permit. The legislature finds that these
7 enhanced fines and penalties are necessary to protect the
8 public's safety and welfare.

9 SECTION 2. Chapter 466, Hawaii Revised Statutes, is
10 amended by adding two new sections to part I to be appropriately
11 designated and to read as follows:

12 "§466-A Interstate mobility. (a) No person may practice
13 public accountancy in the State unless the person holds a
14 license issued under this chapter or practices pursuant to this
15 section.

16 (b) Subsection (a) shall not apply to a person who, in
17 good standing, holds a license to practice public accountancy in
18 another state; provided that:

19 (1) The licensing standards of the other state are deemed
20 equivalent to those of this chapter and the rules
21 adopted thereunder, as determined by the board; and



1 (2) The other state provides for reciprocal practice of
2 public accountancy by those holding a license to
3 practice public accountancy in this State.

4 (c) Any person who practices public accountancy under
5 subsection (b) shall have withheld from the person's
6 compensation the proper amount of general excise or use tax owed
7 for the services rendered. The person shall also have a duty to
8 provide to the board all tax and business registration
9 information, including a certificate of insurance for
10 professional malpractice in an amount of not less than
11 \$2,000,000.

12 (d) Any person practicing public accountancy in this State
13 pursuant to subsection (b) who violates any provision under
14 title 14, including chapter 466, except for the provisions that
15 are related to licensing, shall be guilty of a class B felony.

16 (e) Any person who reports to the board a violation of
17 subsection (d) shall be entitled to costs from the compliance
18 resolution fund and fifteen per cent of all fines, penalties,
19 and fees imposed pursuant to a violation of subsection (d).



1 (f) Any person who practices public accountancy in this
2 State pursuant to subsection (b) may do so for a period not to
3 exceed thirty days per year; provided that:

4 (1) The person may not hold the person out to the public
5 as being a certified public accountant in this State;

6 (2) The person shall be subject to the disciplinary or
7 regulatory authority of any state agency or department
8 with jurisdiction over the practice of public
9 accountancy; and

10 (3) The person shall be subject to the jurisdiction of the
11 courts of this State.

12 (g) Subsection (f)(3) shall also apply to any firm that
13 employs or is affiliated with the person who practices public
14 accountancy in this State pursuant to subsection (b).

15 **§466-B Board's duty to report violations of interstate**
16 **mobility.** (a) Upon the receipt of any written complaint to the
17 board pursuant to section 466-A(e), the board shall report the
18 incident to the attorney general.

19 (b) Upon a finding that a person has violated section 466-
20 A(d), the board shall:



1 (1) Report the person to the applicable regulatory board
2 in all other states in which the person holds a
3 license to practice public accountancy;

4 (2) Report the person to the ethics committee of each
5 major national accounting association; and

6 (3) Impose an administrative fine against the person in an
7 amount not less than \$10,000 per occurrence.

8 (c) If the board finds that the person is affiliated with
9 a firm that is licensed in this State, the firm shall bear the
10 responsibility for the costs, penalties, and fines that are
11 levied against the person who has violated section 466-A(d)."

12 SECTION 3. This Act does not affect rights and duties that
13 matured, penalties that were incurred, and proceedings that were
14 begun before its effective date.

15 SECTION 4. If any provision of this Act, or the
16 application thereof to any person or circumstance, is held
17 invalid, the invalidity does not affect other provisions or
18 applications of the Act that can be given effect without the
19 invalid provision or application, and to this end the provisions
20 of this Act are severable.



S.B. NO. 1266

1 SECTION 5. In codifying the new sections added by section
2 2 of this Act, the revisor of statutes shall substitute
3 appropriate section numbers for the letters used in designating
4 the new sections in this Act.

5 SECTION 6. New statutory material is underscored.

6 SECTION 7. This Act shall take effect upon its approval.

7

INTRODUCED BY: Rosey L. Bab



S.B. NO. 1266

Report Title:

Public Accountancy; Mobility

Description:

Authorizes out-of-state certified public accountants to practice in the State under certain conditions. Establishes criminal penalties for noncompliance.

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

