

STAND. COM. REP. NO. 3448

Honolulu, Hawaii

MAY 12 2020

RE: H.B. No. 1109
H.D. 1
S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Thirtieth State Legislature
Regular Session of 2020
State of Hawaii

Sir:

Your Committee on Commerce, Consumer Protection, and Health,
to which was referred H.B. No. 1109, H.D. 1, entitled:

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

begs leave to report as follows:

The purpose and intent of this measure is to:

- (1) Establish procedures and eligibility criteria for a privilege to practice public accountancy in the State for public accountants and certified public accountants licensed in another state with comparable education, examination, and experience requirements; and
- (2) Subjects all holders of a privilege to practice to the regulatory and enforcement jurisdiction of the Board of Accountancy.

Your Committee received testimony in support of this measure from the Hawaii Society of Certified Public Accountants; Chamber of Commerce Hawaii; Island Plastic Bags, Inc.; two individuals; and a petition signed by two hundred ninety-four individuals. Your Committee received testimony in opposition to this measure from the Board of Public Accountancy; Hawaii Association of Public Accountants; Maui Chamber of Commerce; Niwao & Roberts, P.C.; and eight individuals.



Your Committee finds that this measure is intended to establish "mobility legislation" to allow Hawaii consumers greater access to qualified certified public accountants, wherever those certified public accountants may reside, and to establish within the Board of Public Accountancy clear disciplinary power over all certified public accountants doing business in Hawaii.

However, your Committee has heard the concerns raised in testimony that this measure, as written, has the potential to outsource Hawaii certified public accountant (CPA) services to out-of-state and foreign CPAs with lower standards and no licensing fees, while Hawaii-licensed CPAs are held to higher standards and requirements. Additionally, this measure does not require registration or notice of practice to be given to the Board of Public Accountancy by an out-of-state or foreign CPA practicing in Hawaii. Your Committee therefore finds that S.B. No. 2059, S.D. 1 (Regular Session 2018), which amends Hawaii's temporary permit to practice laws governing practice by out-of-state CPAs, is preferable to "no notice, no fees mobility legislation".

Accordingly, your Committee has amended this measure by:

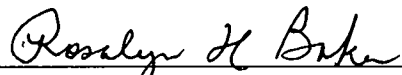
- (1) Deleting its contents and inserting the contents of S.B. No. 2059, S.D. 1 (2018), a measure that amends the requirements for obtaining a temporary permit to practice public accountancy in Hawaii, including:
 - (A) Specifying who may be granted a temporary permit to practice;
 - (B) Specifying the requirements that must be met prior to obtaining a temporary permit to practice;
 - (C) Requiring a person to obtain a temporary permit to practice from the Board of Public Accountancy prior to commencing public accountancy services in Hawaii;
 - (D) Specifying a time frame for the temporary permit to practice;



- (E) Requiring persons granted a temporary permit to practice to consent to and certify various obligations, including being under the authority of the Board of Public Accountancy and paying all applicable taxes to the State; and
 - (F) Making conforming amendments to the laws relating to public accountancy; and
- (2) Inserting an effective date of January 1, 2021.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Health that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1109, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1109, H.D. 1, S.D. 1, and be referred to your Committee on Ways and Means.

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



ROSALYN H. BAKER, Chair



The Senate
Thirtieth Legislature
State of Hawai'i

Record of Votes
Committee on Commerce, Consumer Protection, and Health
CPH

Bill / Resolution No.:* HB 1109 HD1	Committee Referral: CPH, NAM	Date: 3/11/20		
<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;"> <input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313 </div>				
Members	Aye	Aye (WR)	Nay	Excused
BAKER, Rosalyn H. (C)	✓			
CHANG, Stanley (VC)	✓			
NISHIHARA, Clarence K.	✓			
RUDERMAN, Russell E.		✓		
THIELEN, Laura H.	✓			
WAKAI, Glenn	✓			
FEVELLA, Kurt		✓		
TOTAL	5	2		
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="text-align: center; margin-top: 10px;"> </div>				
Distribution: <div style="display: flex; justify-content: space-between; margin-top: 5px;"> Original File with Committee Report Yellow Clerk's Office Pink Drafting Agency Goldenrod Committee File Copy </div>				

***Only one measure per Record of Votes**