

ACT 172

S.B. NO. 55

A Bill for an Act Relating to Public Accountancy.

Be It Enacted by the Legislature of the State of Hawaii:

SECTION 1. The legislature finds that current laws require both individuals and firms to obtain licenses or permits to practice public accountancy. However, permits for firms to practice have never been issued under section 466-7(d), Hawaii Revised Statutes, because the state board of public accountancy has never enacted administrative rules to establish the criteria and process for obtaining a firm permit. This has been problematic for local accountancy firms seeking to certify their full compliance with Hawaii's public accountancy law for purposes of obtaining federal or out-of-state contracts.

The purpose of this Act is to suspend the requirement that accounting firms must obtain a permit to actively engage in the practice of accountancy, by repealing the requirement until one hundred eighty days after the effective date of administrative rules establishing the methods and requirements for obtaining a firm permit. This Act thus enables accountancy firms that otherwise comply with the State's accountancy law to certify their full compliance.

SECTION 2. Section 466-7, Hawaii Revised Statutes, is amended to read as follows:

“§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)~~ (d) 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.

~~[(f)]~~ (e) The board may restore forfeited permits to the individual ~~[or firm which]~~ who satisfies the following:

- (1) The requirements of subsection (a), (b), or (c)~~], or (d) of this section~~; and
- (2) Payment of required fees.”

SECTION 3. Section 466-8, Hawaii Revised Statutes, is amended by amending subsection (d) to read as follows:

“(d) An application for the issuance of a biennial permit to practice for an individual ~~[or firm]~~ under section 466-7(a) ~~[and (d)]~~ shall be accompanied by the application and permit to practice fees.”

SECTION 4. This Act shall terminate any rights and duties that matured, penalties that were incurred, and proceedings based on acts or omissions arising under section 466-7(d), Hawaii Revised Statutes, before its reenactment as provided in section 9 of this Act.

SECTION 5. The state board of public accountancy shall adopt rules, pursuant to chapter 91, Hawaii Revised Statutes, prescribing the methods and requirements for a firm to apply for and obtain a permit to engage in the practice of public accountancy pursuant to section 466-7, Hawaii Revised Statutes, as that section read on the day before the effective date of this Act.

SECTION 6. The director of commerce and consumer affairs shall report the progress and status of the adoption of rules as required by this Act to the legislature no later than twenty days prior to the convening of the regular session of 2010.

SECTION 7. The director of commerce and consumer affairs shall promptly notify the legislature in writing upon the adoption of administrative rules prescribing the methods and requirements for a firm to apply for and obtain a permit to engage in the practice of public accountancy and shall provide statewide public notice of the adoption of rules pursuant to chapter 1-28.5, Hawaii Revised Statutes.

SECTION 8. Statutory material to be repealed is bracketed and stricken. New statutory material is underscored.

SECTION 9. This Act shall take effect upon its approval; provided that sections 466-7 and 466-8, Hawaii Revised Statutes, shall be reenacted in the form in which they read on the day before the effective date of this Act, one hundred eighty days after the effective date, as determined by section 91-4(b), Hawaii Revised Statutes, of the rules prescribing the methods and requirements for application by a firm to engage in the practice of public accountancy pursuant to section 466-7, Hawaii Revised Statutes, as that section read on the day before the effective date of this Act.

(Approved July 6, 2009.)