ACT 14 S.B. NO. 1291

A Bill for an Act Relating to Certified Public Accountants.

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

SECTION 1. The legislature finds that business and commerce continue to grow more complicated, increasing the need for well-qualified certified public accountants in the State and nationwide. At the same time, however, a declining percentage of students in accounting classes are pursuing certified public accountant (CPA) licenses. In part, this decline is due to the requirement of thirty additional semester hours of education, beyond the requirements of a bachelor's degree, to obtain a CPA license. The time and monetary costs of this additional education can be a serious obstacle for many students. Thus, the additional education requirement effectively blocks many potential candidates from obtaining CPA licenses, at a time when more qualified CPAs are needed.

The purpose of this Act is to generate more qualified CPAs by establishing alternative pathways to licensure that eliminate certain barriers for eligible applicants.

SECTION 2. Section 466-5, Hawaii Revised Statutes, is amended by amending subsections (a) through (d) to read as follows:

"(a) A license and a permit are required to practice public accountancy. The board may license and grant the designation of "certified public accountant" to any person who has met the following:

(1) Attained eighteen years of age;
(2) Possesses a history of competence, trustworthiness, and fair dealing;
(3) Educational requirements of this section [~~or section 466-5.5~~];
(4) [~~Experience requirements of~~] <u>Completed two years of professional experience meeting the requirements in</u> subsection (d);
(5) Examination requirements of subsection (e); and
(6) Paid the appropriate fees and assessments.

(b) The educational requirement for a license shall include a baccalaureate degree conferred by a college or university recognized by the board <u>with at least eighteen semester hours of upper division or graduate level accounting or auditing subjects as determined by rules adopted by the board pursuant to chapter 91,</u> and:

(1) Completion of not less than thirty semester hours of study in addition to those semester hours required for a baccalaureate degree[~~. The baccalaureate degree and the thirty semester hours of additional study shall include a minimum of eighteen semester hours of upper division or graduate level accounting or auditing subjects. The~~]<u>; provided that the</u> content of the additional qualifying hours of study shall be determined by rules adopted by the board pursuant to chapter 91; or
(2) [~~If the applicant has a minimum of eighteen semester hours of upper division or graduate level accounting and auditing subjects, the applicant may elect to replace the thirty semester hours with an additional thirty months of professional experience in a public accounting practice. This~~] <u>In lieu of the thirty semester hours described in paragraph (1), the applicant may demonstrate completion of an additional twelve months of professional experience in the practice of public accounting only; provided that this</u> experience shall not be credited toward the experience requirements in subsection [~~(d).~~] <u>(a)(4).</u>

(c) A person shall be exempt from the requirements in subsection (b) [~~or section 466-5.5~~] if that person:

(1) Holds a current license as a public accountant under section 466-6; or
(2) Holds, and has continued to hold, a valid comparable certificate, registration, or license of certified public accountant of another state for a period of not less than ten years preceding the date of the person's application under this section, and has been in active

practice of public accountancy in one or more states for a period of not less than five years preceding the date of the application.

(d) Each applicant shall present satisfactory evidence in the form of a certified statement from present or former employer(s) that the applicant has [~~met one of the following experience requirements for license:~~

~~(1) Completion of one thousand five hundred chargeable hours in the performance of audits involving the application of generally accepted accounting principles and auditing standards earned while in public accounting practice; or~~

~~(2) Completion of two years of~~] completed the required professional experience in public accountancy practice as defined in section 466-3. Completion of experience in private or government accounting or auditing work, deemed by the board to be equivalent to professional experience in public accountancy practice as defined in section 466-3, may be substituted for all or part of the two years of professional experience in public accounting practice[~~.~~] required in subsection (a)(4). The nature, variety, and depth of acceptable private or government accounting or auditing experience shall be defined by the board in its rules."

SECTION 3. Section 466-5.5, Hawaii Revised Statutes, is repealed.

SECTION 4. Statutory material to be repealed is bracketed and stricken.[1] New statutory material is underscored.

SECTION 5. This Act shall take effect upon its approval.

(Approved April 10, 2025.)

Note

1. Edited pursuant to HRS §23G-16.5