

JAN 21 2011

S.B. NO. 743

A BILL FOR AN ACT

RELATING TO CERTIFIED PUBLIC ACCOUNTANCY.

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

1 SECTION 1. The legislature finds that certified public
2 accountants licensed outside of the State of Hawaii sometimes
3 provide services for Hawaii clients from within and outside of
4 the State. However, the board of accountancy does not currently
5 have specific authority to regulate out-of-state accountants,
6 nor are there clear limits within the law on the types of
7 services that may be performed without a Hawaii license.
8 Further, some out-of-state accountants compete unfairly with
9 local firms by performing work within the State without paying
10 Hawaii taxes. This creates an unfair situation for the Hawaii
11 accountants that do properly pay their taxes.

12 The purpose of this Act is to prevent unfair competition by
13 out-of-state certified public accountants by establishing clear
14 standards, including a limited privilege to practice within the
15 State, and by subjecting all certified public accountants to
16 oversight by the State's regulatory agencies.



1 SECTION 2. Chapter 466, Hawaii Revised Statutes, is
2 amended by adding two new sections to be appropriately
3 designated and to read as follows:

4 "§466-A Regulation of the practice of accountancy. (a)

5 Each individual or firm that practices public accountancy in
6 this State, whether licensed in this State or in another
7 jurisdiction, shall:

- 8 (1) Be subject to the personal and subject matter
9 jurisdiction of the courts of this State and to the
10 regulatory authority of the board;
- 11 (2) Comply with the requirements of this chapter, chapter
12 436B, the rules of the board, and the same
13 professional standards applicable to individuals and
14 firms licensed pursuant to this chapter;
- 15 (3) If licensed in another jurisdiction and practicing in
16 this State pursuant to section 466-B, be deemed to
17 have irrevocably appointed the regulatory agency of
18 the jurisdiction that issued the individual or firms'
19 license as the individual or firm's agent upon whom
20 process may be served in any action or proceeding by
21 the board;



1 (4) Cooperate with any investigation or inquiry by the
2 board, including by timely responding to any
3 investigation, inquiry, request, notice, demand, or
4 subpoena for information or documents and timely
5 providing requested information or documents to the
6 board; and

7 (5) Pay all applicable taxes assessed by the State.

8 (b) For purposes of this section, practice within this
9 State includes the performance of professional accountancy
10 services for persons residing or entities having their principal
11 office in this State, regardless of whether the services are
12 rendered through direct physical presence in the State or
13 through communications from outside of the State.

14 §466-B Limited practice by out-of-state licensees. (a)

15 An individual with a valid license to practice public
16 accountancy issued by a state other than Hawaii, a territory of
17 the United States, or the District of Columbia whose principal
18 place of business is outside of this State and who does not
19 reside or maintain an office in this State may practice public
20 accountancy in this State subject to the restrictions and
21 conditions of this section if the individual:



1 (1) Practices through a firm that holds a license and
2 permit issued pursuant to this chapter; or
3 (2) Meets the criteria for licensure established by
4 sections 466-5 and 466-5.5.
5 (b) An individual who practices public accountancy in this
6 State pursuant to this section shall submit written
7 notification, on a form to be adopted by the board by rule
8 pursuant to chapter 91. Notice pursuant to this section shall
9 contain, at minimum, a statement of the individual's intent to
10 practice in the State, a statement of the individual's
11 qualification to practice in this State under subsection (a),
12 the Hawaii general excise tax identification number under which
13 gross income from the individual's services will be reported,
14 and a copy of the individual's license to practice certified
15 public accountancy issued by the jurisdiction in which the
16 individual resides or maintains a principal place of business.
17 The board shall adopt rules to allow the submission of notice
18 under this section through electronic or facsimile transmission
19 and to allow the department of taxation to access the
20 information contained in notices under this section for
21 enforcement purposes. The limited privilege to practice granted
22 by this section shall be effective immediately upon receipt by



1 the board of a completed form and all of the information
2 required by this section without any requirement of further
3 action by the board.

4 (c) An individual who practices public accountancy in this
5 State pursuant to this section shall practice through a firm
6 that holds a license and permit issued under this chapter when
7 providing or offering to provide the following services to an
8 entity that has its principal office in this State:

9 (1) A financial statement audit or review in accordance
10 with the Statements on Auditing Standards or the
11 Statements on Standards for Accounting and Review
12 Services of the American Institute of Certified Public
13 Accountants;

14 (2) An examination of prospective financial information in
15 accordance with the Statements on Standards of
16 Attestation Engagements of the American Institute of
17 Certified Public Accountants; and

18 (3) An engagement in accordance with the auditing
19 standards of the Public Company Accounting Oversight
20 Board or its successor agency."



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

4 SECTION 4. New statutory material is underscored.

5 SECTION 5. This Act shall take effect on January 1, 2012.

6

INTRODUCED BY:

Will Egan

J



Report Title:

Certified Public Accountancy

Description:

Clarifies that all persons practicing public accountancy in this State shall be subject to the regulatory authority of the State; authorizes individuals holding an out-of-state license to practice public accountancy in this State, subject to certain limitations.

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

