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# A BILL FOR AN ACT

RELATING TO PUBLIC ACCOUNTANCY.

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

- 1           SECTION 1. The purpose of this Act is to amend the  
2 requirements for obtaining a temporary permit to practice public  
3 accountancy in Hawaii, including:
- 4           (1) Specifying who may be granted a temporary permit to  
5               practice;
  - 6           (2) Specifying the requirements that must be met prior to  
7               obtaining a temporary permit to practice;
  - 8           (3) Requiring a person to obtain a temporary permit to  
9               practice from the board of public accountancy prior to  
10             commencing public accountancy services in Hawaii;
  - 11          (4) Specifying a time frame for the temporary permit to  
12             practice;
  - 13          (5) Requiring persons granted a temporary permit to  
14             practice to consent to and certify various  
15             obligations, including being under the authority of  
16             the board of public accountancy and paying all  
17             applicable taxes to the State; and



1 (6) Making conforming amendments to the laws relating to  
2 public accountancy.

3 SECTION 2. Chapter 466, Hawaii Revised Statutes, is  
4 amended by adding a new section to be appropriately designated  
5 and to read as follows:

6 "§466- Temporary permits to practice. (a) The board  
7 may grant a temporary permit to persons who wish to actively  
8 engage in the practice of public accountancy for a limited  
9 period of time in Hawaii. The temporary permit to practice  
10 granted pursuant to this section shall be limited to attest,  
11 peer review, or litigation support services.

12 (b) The temporary permit to practice may be granted to any  
13 person who:

- 14 (1) Has attained eighteen years of age;
- 15 (2) Is a United States citizen, a United States national,  
16 or an alien authorized to work in the United States;
- 17 (3) Possesses a history of competence, trustworthiness,  
18 and fair dealing;
- 19 (4) Holds a valid license of certified public accountant  
20 or of public accountant issued under the laws of  
21 another state or United States jurisdiction;



1       (5) Incidental to the person's practice in such other  
2       state or jurisdiction, desires to practice public  
3       accountancy in this State on a temporary, and not a  
4       permanent or recurring, basis; and

5       (6) Has completed an application in a form and method  
6       prescribed by the board and paid any applicable fees  
7       for a temporary permit to practice.

8       (c) No person shall commence public accountancy services  
9       in Hawaii on a temporary basis without first obtaining a  
10       temporary permit to practice under this section.

11       (d) A temporary permit to practice issued under this  
12       section shall be effective for a period not exceeding one  
13       hundred twenty cumulative days in any twelve-month period,  
14       unless otherwise extended at the discretion of the board for  
15       complicated attest, peer review, or litigation support services,  
16       and shall specify the nature and extent of the practice so  
17       permitted. A temporary permit issued pursuant to this section  
18       may be renewed in a subsequent year. More than three requests  
19       for temporary permits to practice within three years shall be  
20       prima facie evidence that the individual is engaged in the



1 active practice of public accountancy in Hawaii and a permit  
2 issued under section 466-7 shall be required.

3 (e) A licensee of another state or jurisdiction who  
4 obtains a temporary permit to practice shall consent and certify  
5 to:

6 (1) The personal and subject matter jurisdiction and  
7 disciplinary authority of the board;

8 (2) Comply with this chapter and the rules adopted by the  
9 board;

10 (3) Cease to offer or render professional services in this  
11 State as an individual and on behalf of the licensee's  
12 accountancy firm if:

13 (A) The license from the state of the licensee's  
14 principal place of business is no longer current  
15 and active; or

16 (B) The licensee's practice has been limited or  
17 conditioned in any jurisdiction, including the  
18 licensee's principal place of business;

19 (4) Notify the board within fifteen days if:

20 (A) Any disciplinary action relating to the  
21 individual's license is commenced in any state,



- 1           jurisdiction, or proceeding by the board against  
2           the licensee; or
- 3        (B) The licensee is convicted of any criminal offense  
4           in any state, jurisdiction, or country;
- 5        (5) Not to assume, use a title or designation, or use any  
6           other title, designation, words, letters, sign, card,  
7           or device that would tend to indicate that the person  
8           is a certified public accountant licensed in Hawaii or  
9           public accountant licensed in Hawaii;
- 10       (6) Provide the name and general excise tax license number  
11           of the licensee's Hawaii certified public accountancy  
12           firm and pay the related state income tax and any  
13           other applicable taxes associated with the practice of  
14           public accountancy in Hawaii; and
- 15       (7) Pay all costs associated with any out-of-state  
16           investigation, enforcement, and collection efforts  
17           associated with the temporary permit to practice  
18           granted under this section, as may be ordered by the  
19           board."



1 SECTION 3. Section 466-3, Hawaii Revised Statutes, is  
2 amended by adding two new definitions to be appropriately  
3 inserted and to read as follows:

4 "Principal place of business" means the office location  
5 designated by a licensee for purposes of a temporary permit to  
6 practice issued under section 466- .

7 "Temporary permit to practice" means a permit to actively  
8 practice public accountancy for a limited period of time in  
9 Hawaii issued under section 466- ."

10 SECTION 4. Section 466-7, Hawaii Revised Statutes, is  
11 amended to read as follows:

12 **"§466-7 Permits to practice.** (a) A license and permit  
13 are required to actively engage in the practice of public  
14 accountancy. The board may grant or renew a permit to actively  
15 engage in the practice of public accountancy. Permits shall be  
16 initially issued and renewed for periods of two years but in any  
17 event shall expire on December 31 of every odd-numbered year.  
18 The board shall prescribe the methods and requirements for  
19 application.

20 (b) An applicant for the initial issuance or renewal of a  
21 permit shall have:



- 1 (1) A valid license;
- 2 (2) Completed continuing professional education hours, the  
3 content of which shall be specified by the board which  
4 may provide for special consideration by the board to  
5 applicants for permit renewal when, in the judgment of  
6 the board, full compliance with all requirements of  
7 continuing education cannot reasonably be met;
- 8 (3) Completed an application;
- 9 (4) Paid appropriate fees and assessments; and
- 10 (5) In the case of a renewal, undergone and provided proof  
11 of having undergone the peer review process pursuant  
12 to part II.
- 13 ~~[(c) The board may grant a temporary permit to actively~~  
14 ~~engage in the practice of public accountancy to any person who:~~
- 15 ~~(1) Has attained eighteen years of age;~~
- 16 ~~(2) Possesses a history of competence, trustworthiness,~~  
17 ~~and fair dealing;~~
- 18 ~~(3) Holds a valid license of certified public accountant~~  
19 ~~or of public accountant issued under the laws of~~  
20 ~~another state, or who holds a valid comparable~~  
21 ~~certificate, registration, or license or degree from a~~



1 ~~foreign country determined by the board to be a~~  
2 ~~recognized qualification for the practice of public~~  
3 ~~accountancy in such other country;~~

4 ~~(4) Incidental to the person's practice in such other~~  
5 ~~state or country, desires to practice public~~  
6 ~~accountancy in this State on a temporary basis; and~~

7 ~~(5) Has completed an application.~~

8 ~~Such permit shall be effective for a period not exceeding three~~  
9 ~~months, and shall specify the nature and extent of the practice~~  
10 ~~so permitted.~~

11 ~~(d)]~~ (c) All firms shall obtain a permit to practice. The  
12 board may issue or renew a permit to actively engage in the  
13 practice of public accountancy to any firm which submits a  
14 completed application and demonstrates qualifications as  
15 prescribed by the board.

16 ~~[(e)]~~ (d) Failure to submit the required fees, continuing  
17 education hours, or other requirements for renewal as specified  
18 in this section by December 31 of every odd-numbered year, shall  
19 constitute forfeiture of the permit. Continued performance in  
20 the practice of public accountancy without a permit shall





1 constitute unlicensed activity and the individual or firm shall  
2 be subject to sections 466-9, 466-11, 487-13, and 26-9.

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

5 (1) The requirements of subsection (a), (b), or (c) ~~[, or~~  
6 ~~(d) of this section]~~; and

7 (2) Payment of required fees."

8 SECTION 5. Section 466-8, Hawaii Revised Statutes, is  
9 amended by amending subsections (d) and (e) to read as follows:

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

14 (e) An application for the issuance of a temporary permit  
15 to practice under section ~~[466-7(e)]~~ 466- shall be accompanied  
16 by the application and temporary permit to practice fees."

17 SECTION 6. Section 466-10, Hawaii Revised Statutes, is  
18 amended by amending subsection (d) to read as follows:

19 "(d) Nothing contained in this chapter shall prohibit any  
20 person:



- 1           (1) Who holds a current license of certified public  
2           accountant issued under this chapter from assuming and  
3           using the title and designation "certified public  
4           accountant" or "CPA"; provided that if the person does  
5           not also hold a current permit to practice issued  
6           under this chapter, the person shall clearly indicate  
7           in assuming and using said title that the person does  
8           not hold the person's self out to be in the practice  
9           of public accountancy;
- 10          (2) Who holds a current license of public accountant  
11          issued under this chapter from assuming and using the  
12          title and designation "public accountant" or "PA";  
13          provided that if the person does not also hold a  
14          current permit to practice issued under this chapter,  
15          the person shall clearly indicate in assuming and  
16          using the title that the person does not hold the  
17          person's self out to be in the practice of public  
18          accountancy;
- 19          (3) Who holds a temporary practice permit issued under  
20          ~~[this chapter]~~ section 466- from using the title and  
21          designation under which the person is generally known



1 in the state or [~~country~~] jurisdiction from which the  
2 person received a valid comparable certificate,  
3 registration, or license for the practice of public  
4 accountancy;

- 5 (4) Who is not a certified public accountant or public  
6 accountant from serving as an employee of, or an  
7 assistant to, a certified public accountant or public  
8 accountant; provided that the employee or assistant  
9 works under the control and supervision of a person  
10 who holds a current license of certified public  
11 accountant or of public accountant and a current  
12 permit to practice issued under this chapter; and  
13 provided further that the employee or assistant does  
14 not issue any statement or report over the person's  
15 name except office reports to the person's employer as  
16 are customary, and that the employee or assistant is  
17 not in any manner held out to the public as a  
18 certified public accountant or public accountant;

- 19 (5) Who is an officer, employee, partner, or principal of  
20 any organization from signing or affixing the person's  
21 name to any statement or report in reference to the



1           affairs of that organization; provided that in so  
2           signing or affixing the person's name the person shall  
3           clearly indicate that the person is an officer,  
4           employee, partner, or principal of the organization,  
5           and the position, title, or office which the person  
6           holds therein;

7           (6) Who is a public official or public employee from the  
8           performance of the person's duties as such; or

9           (7) Who is an attorney at law from engaging in practice as  
10          such."

11          SECTION 7. Statutory material to be repealed is bracketed  
12 and stricken. New statutory material is underscored.

13          SECTION 8. This Act shall take effect on January 1, 2019.

14



**Report Title:**

Certified Public Accountants; Temporary Permits to Practice;  
State Board of Public Accountancy

**Description:**

Specifies who may be granted a temporary permit to practice public accountancy. Specifies the requirements that must be met prior to obtaining a temporary permit to practice. Requires a person to obtain a temporary permit to practice from the board of public accountancy prior to commencing public accountancy services in Hawaii. Specifies a time frame for the temporary permit to practice. Requires 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. Makes conforming amendments to the laws relating to public accountancy. Takes effect on 1/1/2019. (SD1)

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