A BILL FOR AN ACT

RELATING TO PUBLIC ACCOUNTANCY.

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

SECTION 1. The purpose of this Act is to amend the requirements for obtaining a temporary permit to practice public accountancy in Hawaii, including:

1. Specifying who may be granted a temporary permit to practice;
2. Specifying the requirements that must be met prior to obtaining a temporary permit to practice;
3. Requiring a person to obtain a temporary permit to practice from the board of public accountancy prior to commencing public accountancy services in Hawaii;
4. Specifying a time frame for the temporary permit to practice;
5. 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
(6) Making conforming amendments to the laws relating to public accountancy.

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

§466- Temporary permits to practice. (a) The board may grant a temporary permit to persons who wish to engage in the practice of public accountancy for a limited period of time in Hawaii. The temporary permit to practice granted pursuant to this section shall be limited to attest or litigation support services.

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

(1) Has attained eighteen years of age;
(2) Is a United States citizen, a United States national, or an alien authorized to work in the United States;
(3) Possesses a history of competence, trustworthiness, and fair dealing;
(4) Holds a valid license of certified public accountant issued under the laws of another state or United States jurisdiction;
(5) Incidental to the person's practice in the applicable state or jurisdiction, desires to practice public accounting in this State on a temporary, and not a permanent or recurring, basis; and

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

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

(d) A temporary permit to practice issued under this section shall be effective for a period not exceeding one hundred twenty cumulative days during the duration of any calendar year, unless otherwise extended at the discretion of the board for complicated attest or litigation support services, and shall specify the nature and extent of the practice so permitted. A temporary permit issued pursuant to this section may be renewed in a subsequent calendar year. More than three requests for temporary permits to practice within three years shall be prima facie evidence that the individual is engaged in
the practice of public accountancy in Hawaii and a permit issued
under section 466-7 shall be required.

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

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

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

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

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

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

(4) Notify the board within fifteen days if:

(A) Any disciplinary action relating to the
individual's license is commenced in any state,
jurisdiction, or proceeding by the board against
the licensee; or

(B) The licensee is convicted of any criminal offense
in any state, jurisdiction, or country;

(5) Not to assume, use a title or designation, or use any
other title, designation, words, letters, sign, card,
or device that would tend to indicate that the person
is a certified public accountant licensed in Hawaii or
public accountant licensed in Hawaii;

(6) Provide the name and general excise tax license number
of the licensee's Hawaii certified public accountancy
firm and pay the related state income tax and any
other applicable taxes associated with the practice of
public accountancy in Hawaii; and

(7) Pay all costs associated with any out-of-state
investigation, enforcement, and collection efforts
associated with the temporary permit to practice
granted under this section, as may be ordered by the
board."
SECTION 3. Section 466-3, Hawaii Revised Statutes, is amended by adding two new definitions to be appropriately inserted and to read as follows:

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

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

SECTION 4. 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;
(4) Paid appropriate fees and assessments; and
(5) In the case of a renewal, undergone and provided proof of having undergone the peer review process pursuant to part II.

[(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.

(c) 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] that submits
a completed application and demonstrates qualifications as
prescribed by the board.

(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.

(e) The board may restore forfeited permits to the individual or firm [which] that satisfies the following:
(1) The requirements of subsection (a), (b), or (c) or (d) of this section; and
(2) Payment of required fees.

SECTION 5. Section 466-8, Hawaii Revised Statutes, is amended by amending subsections (d) and (e) 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 (c) shall be accompanied by the application and permit to practice fees.

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

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

"(d) Nothing contained in this chapter shall prohibit any person:
(1) Who holds a current license of certified public accountant issued under this chapter from assuming and using the title and designation "certified public accountant" or "CPA"; provided that [if] the person [does not] also [hold] holds a current permit to practice issued under this chapter[, the person shall clearly indicate in assuming and using said title that the person does not hold the person's self out to be in the practice of public accountancy];

(2) Who holds a current license of public accountant issued under this chapter from assuming and using the title and designation "public accountant" or "PA"; provided that [if] the person [does not] also [hold] holds a current permit to practice issued under this chapter[, the person shall clearly indicate in assuming and using the title that the person does not hold the person's self out to be in the practice of public accountancy];

(3) Who holds a temporary practice permit issued under [this chapter] section 466- from using the title and designation under which the person is generally
known in the state or [country] jurisdiction from
which the person received a valid comparable
certificate, registration, or license for the practice
of public accountancy;

(4) Who is not a certified public accountant or public
accountant from serving as an employee of, or an
assistant to, a certified public accountant or public
accountant; provided that the employee or assistant
works under the control and supervision of a person
who holds a current license of certified public
accountant or of public accountant and a current
permit to practice issued under this chapter; and
provided further that the employee or assistant does
not issue any statement or report over the person's
name except office reports to the person's employer as
are customary, and that the employee or assistant is
not in any manner held out to the public as a
certified public accountant or public accountant;

(5) Who is an officer, employee, partner, or principal of
any organization from signing or affixing the person's
name to any statement or report in reference to the
affairs of that organization; provided that in so
signing or affixing the person's name the person shall
clearly indicate that the person is an officer,
employee, partner, or principal of the organization,
and the position, title, or office [which] that the
person holds therein;

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

(7) Who is an attorney at law from engaging in practice as
[such-] an attorney."

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

SECTION 8. This Act shall take effect on January 1, 2020.

INTRODUCED BY:
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.

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