

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4437-02
Bill No.: HB 1871
Subject: Professional Registration and Licensing; Accountants; Licenses - Miscellaneous
Type: Original
Date: January 23, 2020

Bill Summary: This proposal modifies provisions relating to exceptions to permit requirements for public accountants.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2021	FY 2022	FY 2023
Total Estimated Net Effect on General Revenue	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2021	FY 2022	FY 2023
State Board of Accountancy Fund (0627)	(\$22,500)	(\$22,500)	(\$22,500)
Total Estimated Net Effect on Other State Funds	(\$22,500)	(\$22,500)	(\$22,500)

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 4 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2021	FY 2022	FY 2023
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2021	FY 2022	FY 2023
Total Estimated Net Effect on FTE	0	0	0

Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$100,000 in any of the three fiscal years after implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2021	FY 2022	FY 2023
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Section 326.289 - Permit Requirements for Public Accountants

Officials from the **Department of Commerce and Insurance** state that this proposal modifies provisions relating to exceptions to permit requirements for public accountants. There are currently 250 firms which may meet these permit exemptions. The current permit fee is \$90/year. This could reduce the State Board of Accountancy fund annual revenue by \$22,500 per year.

Oversight does not have any information to the contrary. Therefore, Oversight will reflect estimated loss provided by Department of Commerce and Insurance of \$22,500 annually to the State Board of Accountancy Fund (0627).

Oversight notes that, as of December 31, 2019, the balance in the Board of Accountancy Fund was \$2,093,143.

<u>FISCAL IMPACT - State Government</u>	FY 2021 (10 Mo.)	FY 2022	FY 2023
STATE BOARD OF ACCOUNTANCY FUND (0627)			
<u>Loss - DCI</u> Exceptions to permit requirements for public accountants	<u>(\$22,500)</u>	<u>(\$22,500)</u>	<u>(\$22,500)</u>
ESTIMATED NET EFFECT TO THE STATE BOARD OF ACCOUNTANCY FUND (0627)	<u>(\$22,500)</u>	<u>(\$22,500)</u>	<u>(\$22,500)</u>
 <u>FISCAL IMPACT - Local Government</u>	 FY 2021 (10 Mo.)	 FY 2022	 FY 2023
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

A fiscal impact to certain accounting firms could be expected as a result of this proposal.

FISCAL DESCRIPTION

This bill allows a public accounting firm to practice without a permit from the State Board of Accounting if the firm is a sole practitioner, the firm elects to register as a limited liability company, and the firm does not perform attest and compilation services.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Commerce and Insurance



Julie Morff
Director
January 23, 2020



Ross Strope
Assistant Director
January 23, 2020