

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4262-04
Bill No.: HCS for HB 1700
Subject: Accountants; Economic Development Dept.; Licenses - Professional
Type: Original
Date: April 15, 2008

Bill Summary: Amends laws relating to professional registration.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
Board of Accountancy	(\$41,205)	(\$41,205)	(\$41,205)
Board of Pharmacy	(Unknown less than \$50,000)	(Unknown less than \$50,000)	(Unless less than \$50,000)
Total Estimated Net Effect on <u>Other</u> State Funds	(Unknown less than \$91,205)	(Unknown less than \$91,205)	(Unknown less than \$91,205)

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 6 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
Total Estimated Net Effect on FTE	0	0	0

☐ Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

☐ Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Public Safety (DPS) - Director's Office, DPS - Missouri State Highway Patrol, Department of Economic Development (DED) - Office of Public Council, DED - Public Service Commission, Department of Revenue, State Tax Commission, and Office of State Courts Administrator** assume the proposal will have no fiscal impact on their organizations.

Officials from the **Office of Attorney General** assume any potential costs arising from this proposal can be absorbed with existing resources.

Officials from the **Office of Secretary of State (SOS)** state the proposal rulemaking authority to the Department of Insurance, Financial Institutions and Professional Registration in regard to the Board of Accountancy and Board of Nursing and the Public Service Commission for manufactured homes. These rules and amendments to existing rules would be published in both the Missouri Register and Code of State Regulations. Based on experience with other divisions, the rules, regulation and forms issued by the various agencies could require as many as 44 pages in the Code of State Regulations and 66 pages in the Missouri Register. For any given rule, roughly half again as many pages are published in the Missouri Register because of cost statements and fiscal notes, etc. that are not repeated in the Code. The estimated cost of a page in the Missouri Register is \$23. The estimated cost of a page in the Code of State Regulations is \$27. The SOS estimates a total cost of \$2,706 [(66 pgs. X \$23) + (44 pgs. X \$27)]. These costs are estimates and depend on the number of rules printed, rescinded, and amended.

Oversight assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal. If multiple bills pass which require the printing and distribution of regulations at substantial costs, the SOS could request funding through the appropriation process. Any decisions to raise fees to defray costs would likely be made in subsequent fiscal years.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration (DIFP) - Division of Professional Registration (DPR)** state the proposal allows out-of-state licensed Certified Public Accountants (CPAs) to have all the privileges of licensure in this state. The DPR anticipates the proposal will result in a decrease in the number of new applicants for licensure. The DPR estimates a decrease of approximately 491 applications annually, with a resulting decrease of \$41,205 in annual revenue going to the Board of Accountancy Fund.

ASSUMPTION (continued)

The DIFP is in the process of determining the possible salary of the Board of Pharmacy executive director. Since this amount will change from year to year based on the composite average of the surrounding states' equivalent position, this amount is unknown from year to year and will need to be assessed each year. However, the DIFP assumes the change in the executive director's salary will be less than \$50,000 annually.

Officials from the **Office of Prosecution Services** and **Office of State Treasurer** did not respond to our request for a statement of fiscal impact.

This proposal will result in a decrease in total state revenue.

<u>FISCAL IMPACT - State Government</u>	FY 2009 (10 Mo.)	FY 2010	FY 2011
BOARD OF ACCOUNTANCY FUND			
<u>Loss - DIFP</u>			
Reduction in licensing revenue	<u>(\$41,205)</u>	<u>(\$41,205)</u>	<u>(\$41,205)</u>
ESTIMATED NET EFFECT ON BOARD OF ACCOUNTANCY FUND	<u>(\$41,205)</u>	<u>(\$41,205)</u>	<u>(\$41,205)</u>
BOARD OF PHARMACY FUND			
<u>Costs - DIFP</u>			
Annual change in executive director salary and fringe benefits	<u>(Unknown less than \$50,000)</u>	<u>(Unknown less than \$50,000)</u>	<u>(Unknown less than \$50,000)</u>
ESTIMATED NET EFFECT ON BOARD OF PHARMACY FUND	<u>(Unknown less than \$50,000)</u>	<u>(Unknown less than \$50,000)</u>	<u>(Unknown less than \$50,000)</u>
 <u>FISCAL IMPACT - Local Government</u>			
	FY 2009 (10 Mo.)	FY 2010	FY 2011
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

The proposal may impact small business accounting firms if more out-of-state CPA's decide to practice in Missouri.

FISCAL DESCRIPTION

This proposal changes the laws regarding the licensure of certified public accountants. Certified public accountants who live out of state may qualify for a Missouri license if the state in which they hold their license has equivalent qualifications. Applicants must have an unrestricted license in their state and can only practice with a firm holding a valid state permit to practice certified public accountancy.

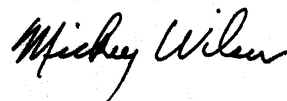
The proposal requires the executive director of the board of pharmacy to be compensated at the composite average of the salaries for corresponding positions within adjoining states. An equitable salary survey is to be conducted by the board of pharmacy on an annual basis and salary adjustments will begin prior to the first day of September of each calendar year.

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

Office of Attorney General
Office of State Courts Administrator
Department of Economic Development -
 Office of Public Council
 Public Service Commission
Department of Insurance, Financial Institutions and Professional Registration
Department of Public Safety -
 Director's Office
 Missouri State Highway Patrol
Department of Revenue
Office of Secretary of State
State Tax Commission

NOT RESPONDING: Office of Prosecution Services and Office of State Treasurer



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