

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1958-01
Bill No.: HB 832
Subject: Accountants; Licenses - Professional; Boards, Commissions, Committees,
Councils
Type: Original
Date: April 6, 2011

Bill Summary: Changes the powers and duties of the Missouri State Board of Accountancy and removes all moneys in the State Board of Accountancy Fund from the State Treasury to a bank of the Board's choice.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
PR Fees*	\$0	\$0	\$0
State Board of Accountancy	(Unknown)	(Unknown)	(Unknown)
Total Estimated Net Effect on <u>Other</u> State Funds	(Unknown)	(Unknown)	(Unknown)

* Income and losses net to \$0.

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 7 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
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 2012	FY 2013	FY 2014
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Office of State Treasurer** assume the proposal would have no fiscal impact on their agency.

Officials from the **Office of Administration - Division of Budget and Planning (BAP)** state the language appears to remove the deposit of current accountant licensing fees deposited into a state fund. This proposal could lower total state revenue by an unknown amount. The Department of Insurance, Financial Institutions, and Professional Registration would need to provide a specific estimate for the current amount of fees being collected.

Officials from the **Missouri Consolidated Health Care Plan (MCHCP)** state the legislation does not fiscally impact the MCHCP. Missouri State Board of Accountancy employees currently receive health insurance benefits through MCHCP. However, the Missouri State board of Accountancy would be responsible for ensuring the proper transfer of employer contributions to the MCHCP for employee health insurance benefits.

Officials from the **Missouri State Employees' Retirement System (MOSERS)** state the proposed legislation would, if enacted, allow the Missouri State Board of Accountancy to employ an executive director, staff, clerical, and technical assistance, and to incur such other expenses, including employee benefits, as may be deemed necessary in the performance of its duties. The proposal would also require the executive director and other employees of the board to be state employees to be eligible for corresponding benefits.

In order to participate in MOSERS, compensation must be paid by a "department" as defined in section 104.1003, RSMo (which includes an agency of the executive, legislative, or judicial branch and a body corporate or politic whose employees are eligible for MOSERS' coverage by law). It is not clear under the proposal whether or not the Missouri State Board of Accountancy would meet that criterion for retirement purposes.

Officials from the **Department of Insurance, Financial Institutions, and Professional Registration (DIFP)** state this proposal would transfer all existing funds in the State Board of Accountancy Fund from the state treasury into a bank of the Board of Accountancy's choice as of August 28, 2011. The current cash balance in the State Board of Accountancy's fund is around \$2.4 million. This proposal would also remove the State Board of Accountancy from the state appropriation process and remove budget oversight by the department, Governor and the General Assembly. This would affect all appropriations currently coming from the fund, such as

ASSUMPTION (continued)

MOSERS, MCHCP, Office of Administration (OA) leasing, OA cost allocation, etc. It is unknown how the State Board of Accountancy would/will establish contracts with each of these entities or how future obligations would be paid for.

It appears that the State Board of Accountancy would be required to lease their own building and hire their own administrative staff to perform functions such as human resources, accounting, purchasing, etc. as Division of Professional Registration staff perform this function now and are reimbursed through a transfer appropriation. No such appropriation would exist under the provisions of this proposal. However, if the Division of Professional Registration were to continue this support, the DIFP assumes it would request General Revenue to cover these costs initially and the department would need to contract with the State Board of Accountancy to recover these costs and reimburse General Revenue. Without this certainty of payment, the DIFP would be risking using other board funds to pay for leasing/work done for the State Board of Accountancy.

It is also unknown how the State Board of Accountancy would pay for existing licensure system support provided by the Division of Professional Registration. Would the board create a new licensure system for accountants and accounting firms or establish a contract with the Division of Professional Registration to maintain the existing database and licensure system? Before the DIFP could pay for any such work or assistance, contracts would need to be established to guarantee payment of these expenditures. It is unknown how much time and effort this would require and the department may need to request additional FTE and expenses through the budget process. Again, since the proposal prohibits appropriations from the State Board of Accountancy Fund, the DIFP assumes it would request General Revenue to cover these costs initially and the department would need to contract with the State Board of Accountancy to recover these costs and reimburse General Revenue.

Finally, the provisions of this proposal may conflict with other constitutional and statutory provisions, including, Article IV, Section 15 - State Treasurer - duties, custody, investment and deposit of state funds and Section 324.001 - Division of Professional Registration established duties, boards and commissions assigned to.

Oversight assumes all functions currently performed by the DIFP, Division of Professional Registration for the State Board of Accountancy would cease upon enactment of the legislation. This would include staffing, administrative support, licensure system support, and rental space. The PR Fees Fund will lose funding from the Board of Accountancy. However, there will be a corresponding reallocation of costs to other licensing boards to offset the loss in funding.

Oversight assumes this proposal will result in an increase in staffing, administrative support, licensure system support and rental space costs for the State Board of Accountancy.

ASSUMPTION (continued)

Officials from the **Office of Administration - Division of Facilities Management, Design and Construction** did not respond to **Oversight's** request for a statement of fiscal impact.

<u>FISCAL IMPACT - State Government</u>	FY 2012 (10 Mo.)	FY 2013	FY 2014
PR FEES FUND			
<u>Income - DIFP</u>			
Reallocation of overhead costs to other state licensing boards	Unknown	Unknown	Unknown
<u>Loss - DIFP</u>			
State Board of Accountancy administrative operations fees	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
ESTIMATED NET EFFECT ON PR FEES FUND	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
STATE BOARD OF ACCOUNTANCY FUND			
<u>Costs - Increase in personal service, administrative and rental expenses</u>	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
ESTIMATED NET EFFECT ON STATE BOARD OF ACCOUNTANCY FUND	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2012 (10 Mo.)	FY 2013	FY 2014
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

The proposal may impact small business accountants if Certified Public Accountant (CPA) licensing fees increase.

HWC:LR:OD

FISCAL DESCRIPTION

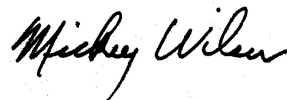
This proposal changes the laws regarding the Missouri State Board of Accountancy within the Department of Insurance, Financial Institutions and Professional Registration by prohibiting the board from receiving any revenue from the General Revenue Fund or any of its costs to be incurred by the state. In its main provisions, the proposal: (1) Requires the board to adopt an annual budget using generally accepted principles. The budget must only be reviewed and approved by its governing board. The board must adopt or modify its budget only after a public hearing and provide notice to all of its licensees prior to holding a hearing on the adoption or modification of any fee; (2) Authorizes the board to have its own bank accounts and earn interest on its deposits, acquire and hold real property as a private person or corporation, enter into contracts necessary or convenient for carrying out the regulation of licensed certified public accountants or firms, employ an executive director and staff deemed necessary for the performance of its duties, and retain other investigative, specialized knowledge or other technical services needed to regulate certified public accountants or firms or to conduct its operations; (3) Requires all moneys payable to the board to be collected by the board instead of the Division of Professional Registration; and (4) Requires, beginning August 28, 2011, any moneys held by the State Treasury in the State Board of Accountancy Fund to be transferred to the board for deposit into an account in a bank of the board's choice. The account cannot be considered a state fund, and any moneys in the fund cannot be appropriated or deposited into the General Revenue Fund.

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 Administration -
Division of Budget and Planning
Department of Insurance, Financial Institutions, and Professional Registration
Missouri Consolidated Health Care Plan
Missouri State Employees' Retirement System
Office of State Treasurer

NOT RESPONDING: Office of Administration - Division of Facilities Management, Design and Construction



L.R. No. 1958-01
Bill No. HB 832
Page 7 of 7
April 6, 2011

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April 6, 2011

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