

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 2112-01
Bill No.: HB 1060
Subject: Professional Registration and Licensing; Accounting
Type: Original
Date: April 11, 2017

Bill Summary: This proposal modifies provisions relating to the practice of public accounting.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2018	FY 2019	FY 2020
Total Estimated Net Effect on General Revenue	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2018	FY 2019	FY 2020
State Board of Accountancy Fund	(Up to \$17,550)	(Up to \$17,550)	(Up to \$17,550)
Total Estimated Net Effect on <u>Other</u> State Funds	(Up to \$17,550)	(Up to \$17,550)	(Up to \$17,550)

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 5 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2018	FY 2019	FY 2020
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2018	FY 2019	FY 2020
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 2018	FY 2019	FY 2020
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Insurance, Financial Institutions and Professional Registration (DIFP)** assume due to the provisions of this bill, a decrease in up to 195 out-of-state CPA firm permits may occur. At a \$90 permit fee, the loss of revenue to the board annually is up to \$17,550.

Additionally, lowering the age requirement for CPA licensure from 21 to 18 is not expected to have a significant fiscal impact on the board, as many 18 year olds do not meet the requirements of licensure found under Section 326.280.1 RSMo.

In response to a similar proposal from this year (SB 395), officials from the **Office of the Secretary of State (SOS)** assumed many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The SOS is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to the Secretary of State's Office for Administrative Rules is less than \$2,500. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, we also recognize that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what our office can sustain with our core budget. Therefore, we reserve the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

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.

<u>FISCAL IMPACT - State Government</u>	FY 2018 (10 Mo.)	FY 2019	FY 2020
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**STATE BOARD OF
ACCOUNTANCY FUND**

<u>Loss - DIFP</u>	<u>(Up to \$17,550)</u>	<u>(Up to \$17,550)</u>	<u>(Up to \$17,550)</u>
Decrease in out-of-state permits			

ESTIMATED NET EFFECT ON THE STATE BOARD OF ACCOUNTANCY FUND	<u>(Up to \$17,550)</u>	<u>(Up to \$17,550)</u>	<u>(Up to \$17,550)</u>
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<u>FISCAL IMPACT - Local Government</u>	FY 2018 (10 Mo.)	FY 2019	FY 2020
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<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
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FISCAL IMPACT - Small Business

Small accounting businesses may be impacted by this proposal.

FISCAL DESCRIPTION

This bill modifies provisions relating to the practice of public accountants.

The bill modifies several definitions related to the profession of accountancy and lowers the age that someone can become licensed as an accountant from 21 to 18.

A certified public accounting firm that does not have an office in the state of Missouri may offer or perform attest or compilation services in Missouri without a permit if it meets certain requirements, as set forth in the bill. All firms practicing public accounting in the state of Missouri shall register with the Secretary of State, unless they are exempted as described in the bill.

This bill repeals several provisions relating to review services done by a public accountant or a public accounting firm.

FISCAL DESCRIPTION (continued)

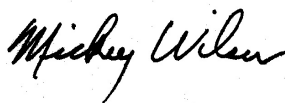
The bill repeals a provision stating that a licensee who supervises review services or signs or authorizes someone to sign review reports shall meet competency requirements as determined by the Board. This bill also repeals a provision that states that, prior to January 1, 2008, licensees who perform fewer than 3 attest services a year shall be exempt from the requirement to undergo peer review as described in the bill.

The bill repeals a provision relating to documents subject to lawful discovery in a court proceeding pursuant to the Missouri Rules of Civil Procedure prior to August 28, 2001. This bill also repeals a provision about the power of the Missouri State Board of Accountancy to revoke the permit of a CPA firm.

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 Insurance, Financial Institutions and Professional Registration
Office of the Secretary of State



Mickey Wilson, CPA
Director
April 11, 2017

Ross Strobe
Assistant Director
April 11, 2017