



GOVERNOR'S OFFICE OF  
BUDGET AND PROGRAM PLANNING

## Fiscal Note 2017 Biennium

**Bill #** HB0044

**Title:** Revise license terms for board of public accountants

**Primary Sponsor:** Berry, Tom

**Status:** As Amended in House Committee

- Significant Local Gov Impact     
 Needs to be included in HB 2     
 Technical Concerns  
 Included in the Executive Budget     
 Significant Long-Term Impacts     
 Dedicated Revenue Form Attached

### FISCAL SUMMARY

	<u>FY 2016 Difference</u>	<u>FY 2017 Difference</u>	<u>FY 2018 Difference</u>	<u>FY 2019 Difference</u>
<b>Expenditures:</b>				
General Fund	\$0	\$0	\$0	\$0
State Special Revenue	\$5,841	\$0	\$0	\$0
<b>Revenue:</b>				
General Fund	\$0	\$0	\$0	\$0
State Special Revenue	\$0	\$0	\$0	\$0
<b>Net Impact-General Fund Balance:</b>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

**Description of fiscal impact:** This legislation updates and clarifies statutory language regarding the practice of, and licensing for, public accounting. The legislation amends 37-50-335, MCA, and requires that all firms that establish or maintain offices in this state for the practice of public accounting shall register annually with the department, as well as all firms that do not have offices in this state but perform attest services and compilations for a client having its home office in this state, and that a fee may be charged for annual registration of these firms.

### FISCAL ANALYSIS

#### Assumptions:

#### Department of Labor and Industry

- 1.
2. The board would need to promulgate rules to set fees and to make any other necessary implementations of this legislation. It is estimated there would be a twenty page rule notice and three page adoption notice. The board would hold a hearing for public comment with a hearing officer and court reporter to transcribe

testimony. Affected parties (firms) and interested parties would be notified by mailed postcard directing them to the board’s website to access proposed rule changes. There would be additional legal costs to the board for review of the rule package, and assistance with addressing comments and adoption notice.

3. The cost of rulemaking include filing fees at the Secretary of State’s Office; rule hearing and transcript; printing, labeling and mailing of postcard for notification of rule location on board website; and legal charges. The estimated cost of rules is \$5,841. The cost of the rulemaking can be covered from the existing revenue stream.
4. The division database would need to be configured to provide for registration of firms, capturing of data for satellite offices as provided by firm registration, make changes to the current certificate level of licensure, capture information to tie firm registration to the responsible CPA, and perform a one-time reporting of non-permit holders in order to terminate those who do not meet education requirements set forth by this legislation by December 31, 2017. It is assumed the necessary changes could be made by department IT employees, but the cost for those services to the board are unknown at this time.
5. It is assumed that 400 firms will register annually as a result of the changes from this legislation. Firms presently do not pay a fee for registration. Since there are no ongoing increases in expenses as a result of the bill and fees must be set to be commensurate with costs as established by board rule, fees would be adjusted to stay revenue neutral.

	<b><u>FY 2016</u></b> <b><u>Difference</u></b>	<b><u>FY 2017</u></b> <b><u>Difference</u></b>	<b><u>FY 2018</u></b> <b><u>Difference</u></b>	<b><u>FY 2019</u></b> <b><u>Difference</u></b>
<b><u>Expenditures:</u></b>				
Personal Services	\$0	\$0	\$0	\$0
Operating Expenses	<u>\$5,841</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<b>TOTAL Expenditures</b>	<b><u><u>\$5,841</u></u></b>	<b><u><u>\$0</u></u></b>	<b><u><u>\$0</u></u></b>	<b><u><u>\$0</u></u></b>
<b><u>Funding of Expenditures:</u></b>				
General Fund (01)	\$0	\$0	\$0	\$0
State Special Revenue (02)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<b>TOTAL Funding of Exp.</b>	<b><u><u>\$0</u></u></b>	<b><u><u>\$0</u></u></b>	<b><u><u>\$0</u></u></b>	<b><u><u>\$0</u></u></b>
<b><u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u></b>				
General Fund (01)	\$0	\$0	\$0	\$0
State Special Revenue (02)	(\$5,841)	\$0	\$0	\$0

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*Sponsor’s Initials*

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*Date*

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*Budget Director’s Initials*

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*Date*