

Department of Legislative Services  
Maryland General Assembly  
2011 Session

FISCAL AND POLICY NOTE

Senate Bill 287

(Chair, Education, Health, and Environmental Affairs  
Committee)(By Request - Departmental - Labor,  
Licensing and Regulation)

Education, Health, and Environmental Affairs

Economic Matters

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State Board of Public Accountancy - Educational Requirements for Examination  
and Licensure

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This departmental bill specifies that a person may take the Uniform Certified Public Accountant (CPA) Examination after completing 120 semester hours of college level course work and earning a baccalaureate degree. Even so, a person who passes the exam must still hold a baccalaureate degree in accounting, or an equivalent field, and must complete 150 semester hours of course work before being qualified for licensure with the State Board of Public Accountancy.

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Fiscal Summary

**State Effect:** Minimal increase in special fund revenues in FY 2012 due to the collection of fees from additional applications received by the State Board of Public Accountancy. The additional workload resulting from the bill is not expected to be significant and can be handled with existing resources. Board revenues and expenditures are not affected in future years.

**Local Effect:** None.

**Small Business Effect:** The Department of Labor, Licensing, and Regulation (DLLR) has determined that this bill has minimal or no impact on small business (attached). Legislative Services concurs with this assessment.

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## Analysis

**Current Law:** Applicants for licensure with the State Board of Public Accountancy must have completed 150 semester hours, or their equivalent, and must have earned a baccalaureate degree from an accredited institution before they may sit for the CPA exam.

**Background:** Most states require 150 semester hours of applicable course work in order to become a licensed CPA; however, many of these states – including Delaware, Massachusetts, New Jersey, New York, Pennsylvania, and Virginia – allow an applicant to take the CPA exam after completing only 120 semester hours.

By lowering the required number of semester credit hours, the bill may reduce the cost for individuals to take the CPA exam. The bill's changes may benefit an individual who passes the exam because that person may become employed, and the employer may cover the tuition expenses for the remaining 30 semester hours required for a license.

As of June 2010, there were about 19,900 licensed CPAs in the State. In fiscal 2010, the board reviewed about 825 CPA exam applications.

**State Fiscal Effect:** An increased number of first-time applicants likely apply to take the CPA exam in fiscal 2012 because applicants with as few as 120 semester hours may apply under the bill. While the exact number of additional applicants is unknown, DLLR estimates that the board will receive between 100 and 200 additional applications in fiscal 2012. If, *for illustrative purposes only*, the board collects its \$60 application fee from an additional 100 to 200 individuals in fiscal 2012, revenues of the State Board of Public Accountancy fund increase by between \$6,000 and \$12,000. Legislative Services assumes that future year revenues of the board are not materially changed by the bill as any early applicants in fiscal 2012 reduce the number of applicants at the current 150-hour threshold in fiscal 2013, with an offsetting increase in early applicants that year as well. This pattern continues in future years.

DLLR advises that the bill increases the workload of the board by creating two separate education evaluation processes; the first requires the board to determine an individual's qualification to take the exam, and the second – after passage of the exam – requires the board to verify that the individual has completed the required course work needed for licensure. Currently, the board only needs to conduct one such evaluation. DLLR advises that the board can handle the additional workload with existing resources.

## Additional Information

**Prior Introductions:** HB 1137 of 2010 passed in the House and received a favorable report from the Senate Education, Health, and Environmental Affairs Committee, but no further action was taken.

**Cross File:** None.

**Information Source(s):** Department of Labor, Licensing, and Regulation; Department of Legislative Services

**Fiscal Note History:** First Reader - February 15, 2011  
mc/mcr

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## ANALYSIS OF ECONOMIC IMPACT ON SMALL BUSINESSES

TITLE OF BILL: State Board of Public Accountancy – Educational Requirements for Examination and License

BILL NUMBER: SB 287

PREPARED BY: Department of Labor, Licensing, and Regulation

### PART A. ECONOMIC IMPACT RATING

This agency estimates that the proposed bill:

WILL HAVE MINIMAL OR NO ECONOMIC IMPACT ON MARYLAND SMALL BUSINESS

OR

WILL HAVE MEANINGFUL ECONOMIC IMPACT ON MARYLAND SMALL BUSINESSES

### PART B. ECONOMIC IMPACT ANALYSIS

The fiscal impact on small businesses or small CPA firms is minimal. The proposed legislation has the potential to financially benefit individual students by potentially saving them a year's equivalent of tuition and facilitating their entrance into the workforce a year sooner than at present.