Department of Legislative Services

Maryland General Assembly 2003 Session

FISCAL AND POLICY NOTE

Senate Bill 188 (Chairman, Education, Health, and Environmental Affairs)

(By Request – Departmental – Labor, Licensing, and Regulation)

Education, Health, and Environmental Affairs Economic Matters

Certified Public Accountancy - Limited Permits - Firm Ownership by Nonlicensees

This departmental bill allows the State Board of Accountancy to issue limited permits for specific jobs to partnerships, limited liability companies, and corporations if a simple majority of the ownership of the entities, in terms of financial interests and voting rights, is licensed to practice certified public accountancy in Maryland or another state.

Individuals with ownership interests that do not possess licenses to practice certified public accountancy must be active participants in the partnership, limited liability company, or corporation.

The bill adds a requirement that the board must license each member of a limited liability company who practices or intends to practice in Maryland.

Fiscal Summary

State Effect: General fund revenues would increase by \$700 annually beginning in FY 2004 from 28 limited permits issued each year at a cost of \$25 each. This bill's requirements could be handled with existing resources.

Local Effect: None.

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

Analysis

Current Law: The State Board of Public Accountancy may issue limited permits for specific jobs to a partnership, limited liability company, or corporation if all members of the entities are licensed to practice certified public accountancy in Maryland, another state, or a foreign country. In the case of partnerships, at least one general partner and all partners who will participate in the work in Maryland must be licensed in Maryland.

Each business entity cannot have a place of business in the State, must apply for the limited permit, and must pay a fee of \$25.

Background: Chapter 44 of 2001 allowed firms not 100% owned by licensed certified public accountants to obtain permits to provide certified public accountancy services. Limited permits for specific jobs were not included in that legislation.

Small Business Effect: Potential minimal due to the ability of some firms outside of Maryland to bid on specific contracts requiring the services of a certified public accountant.

Additional Information

Prior Introductions: None.

Cross File: None.

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

of Legislative Services

Fiscal Note History: First Reader - February 11, 2003

lc/jr

Analysis by: Daniel P. Tompkins Direct Inquiries to:

(410) 946-5510

(301) 970-5510