

Department of Legislative Services
Maryland General Assembly
2009 Session

FISCAL AND POLICY NOTE

House Bill 1440
Economic Matters

(Delegates Burns and Rudolph)

Education, Health, and Environmental Affairs

State Board of Public Accountancy - Reinstatement Fee for Expired Firm
Permits

This bill allows the State Board of Public Accountancy to charge firms a reinstatement fee if they allow their permits to lapse, but are otherwise entitled to be permitted.

The bill takes effect June 1, 2009.

Fiscal Summary

State Effect: Revenues increase minimally for the State Board of Public Accountancy Fund due to firms paying the reinstatement fee if they fail to renew permits on time. Any increase in workload and reprogramming of computers can be handled with existing resources.

Local Effect: None.

Small Business Effect: Potential minimal. A public accountancy firm that fails to renew on time must pay the reinstatement fee, which is expected to be about \$100, in order to have the permit reinstated.

Analysis

Current Law: The State Board of Public Accountancy regulates and licenses certified public accountants and issues permits to business entities that provide accountancy services.

Partnerships, limited liability companies, and corporations offering certified public accountancy services must hold a permit if operating an office in the State that performs attest services or if performing certain attest services for a client with a home office in Maryland. In general, firms must also be permitted if an office in the State uses the title “CPA” or “CPA firm.” Permits expire every two years on December 31.

Reinstatement fees are required of individuals who seek renewal after the expiration of their license; this requirement does not apply to firms that hold permits.

Background: There are 13,290 active licensed CPAs and 5,527 inactive CPAs in the State. Also, 739 firms have CPA permits.

State Fiscal Effect: The Department of Labor, Licensing, and Regulation (DLLR) advises that approximately 5% of licensees renew late and are subject to a reinstatement fee. Assuming the same rate of tardiness for permitted firms and, *for illustrative purposes only*, special fund revenues for the State Board of Public Accountancy may increase by as much as \$4,000 per year. This estimate is based on the board establishing a \$100 fee for reinstatement. To the extent that more or fewer firms pay reinstatement fees, revenues are either higher or lower. DLLR advises that expenditures increase minimally for computer programming to implement the reinstatement fee for firms whose permits expire, but that increase can be absorbed within the board’s existing resources.

Additional Information

Prior Introductions: None.

Cross File: None.

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

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