

LFC Requester:

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AGENCY BILL ANALYSIS - 2025 REGULAR SESSION

WITHIN 24 HOURS OF BILL POSTING, UPLOAD ANALYSIS TO

[AgencyAnalysis.nmlegis.gov](https://www.legis.nm.gov/AgencyAnalysis) and email to billanalysis@dfa.nm.gov*(Analysis must be uploaded as a PDF)***SECTION I: GENERAL INFORMATION***{Indicate if analysis is on an original bill, amendment, substitute or a correction of a previous bill}*

Date Prepared: 2-6-2025

Check all that apply:

Bill Number: HB 296

Original Correction Amendment Substitute

Sponsor: Rep. Cristina Parajon

Agency Name

and Code

Regulation and Licensing, 420

Number:

Short Title: Public Accountant Licensure

Person Writing Jen Rodriguez

Requirements

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Appropriation		Recurring or Nonrecurring	Fund Affected
FY25	FY26		
N/A	N/A	N/A	N/A

(Parenthesis () indicate expenditure decreases)

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY25	FY26	FY27		
N/A	(103)*	(103)*	Recurring	Public Accountancy Fund

(Parenthesis () indicate revenue decreases)

*See Note 1 in Fiscal Implications; this legislation will result in significant lost revenue to the Public Accountancy Fund in FY26 and future years if enacted.

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY25	FY26	FY27	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total	N/A	50.0**	0.0	50.0	Nonrecurring	Public Accountancy Fund

(Parenthesis () Indicate Expenditure Decreases)

**See Note 2 in Fiscal Implications; this legislation will result in significant costs to the Regulation and Licensing Department in FY26 if enacted.

SECTION III: NARRATIVE

BILL SUMMARY

Synopsis: House Bill 296 (HB296)

HB296 updates the provisions of the 1999 Public Accountancy Act §§ 61-28B-1 to 29, NMSA 1978 (Act) to match the recent changes made to the Uniform Accountancy Act (UAA). Specifically, HB296 changes the requirements for initial certification as a certified public accountant (CPA) to expand the types and amount of education and experience required for certification. HB296 also provides exceptions to certification requirements for CPA's currently certified in another state or foreign jurisdiction consistent with the UAA.

Initial Certification Requirement Changes:

Under the Act, certification requires 3 components: (1) education; (2) experience; and (3) examination. HB296 expands the options for meeting the requirements for 1 and 2 and provides additional time to meet requirement 3.

1. Education Requirement: Under the current Act, all candidates for certification must have a baccalaureate degree with at least one hundred fifty (150) semester hours of education and thirty (30) of those hours must be in accounting or an equivalent concentration. HB296 expands the education requirement options, adding baccalaureate degrees with a concentration in either accounting or business, and master's degrees with a concentration in accounting or business.

2. Experience Requirement: HB296 defines "accounting experience" as providing service or advice involving the use of accounting, attest, management advisory, financial advisory, tax or consulting skills as verified by a CPA who meets NM Public Accountancy Board (Board) requirements, provided that the experience is gained through employment in government, industry, academia or public practice. Currently, all certificate candidates must show that they have one (1) year of accounting experience. HB296 would change the experience requirement to two (2) years baccalaureate degree with a concentration in accounting or business. The other two (2) education requirement pathways would still require just one (1) year of accounting experience.

3. Examination Requirement: HB296 also expands the amount of time a CPA candidate has to pass the four (4) sections of their national examination from an eighteen (18) month period to a thirty (30) month period which begins on the date that the first passing score is released to the applicant.

Certification Requirement Changes for CPA's and firms from other jurisdictions:

HB296 renames the term "substantial equivalency" to "comparable licensure requirements," to match the UAA. HB296 authorizes an individual to practice as a CPA in New Mexico without notice to the Board or certification through the Board as long as that person is certified and in good standing in another U.S. jurisdiction and was required to show evidence of passing the exam at the time they were licensed in that other jurisdiction. The Board may not collect fees from an individual practicing as a CPA under these terms.

HB296 further amends the current reciprocity requirements to allow the Board to grant a certificate

to an individual holding a valid certificate in a foreign jurisdiction with comparable license requirements in education, experience, and examination.

HB296 allows a firm that does not have an office in New Mexico to offer to or render services without a permit if the services are rendered through a person who holds a valid license or permit in good standing as a CPA or equivalent issued by another US jurisdiction and consents to the disciplinary power of the Board, and exempts that firm from discipline for practicing without a license. The Board may not collect fees from a firm operating under these terms.

The effective date of the legislation is June 20, 2025.

FISCAL IMPLICATIONS

***Note 1:** HB296 will cause a loss of revenue for the Board as CPA's in other states will be permitted to work in new Mexico without being certified here or paying a fee. It will also allow out-of-state permit holders to allow their permits to lapse. Currently, there are seven hundred fifty-three (753) CPA licensees with out-of-state addresses (31% of current license holders) and seventy-one (71) permits (14% of current permit holders). CPA licenses are renewed at one hundred seventy-five dollars (\$175) annually and permits at one hundred dollars (\$100) annually. Assuming those out-of-state holders allow their certificates/permits to lapse, it would be an annual revenue loss of one hundred three thousand two hundred fifteen dollars (\$103,215.00) beginning in FY26 and going forward.

**** Note 2:** A direct fiscal impact anticipated for the Regulation and Licensing Department (RLD) if HB296 is enacted would be for the necessary additions and updates that would have to be made to the NM Plus online licensing system that is utilized by the RLD for all licensing under the Act. Contracting fees for information technology development and implementation of the necessary changes to the NM Plus licensing system to implement the new education/experience pathway is estimated to be fifty thousand (\$50,000) in FY26.

An administrative rulemaking process, including a public hearing and all required publication of notices and proposed rules, would likely be required to update and amend current administrative rules issued pursuant to the Act if HB296 is enacted. The RLD believes it can absorb the costs associated with the rulemaking processes for this bill within existing resources.

SIGNIFICANT ISSUES

The New Mexico Public Accountancy Board is aware of HB296 and discussed its implications at the January 7, 2025, meeting. The Board endorsed the provisions as written. Overall, the Board believes the impact of HB296 will be to make it more attractive for applicants to pursue the CPA profession without compromising the education, examination and experience components of what is needed to be a CPA. It is also consistent with what changes other jurisdictions are making to their laws, rules, and policies. It will allow for CPA mobility so they can practice across different jurisdictions with similar licensure requirements which is also consistent with what other jurisdictions are trying to accomplish.

PERFORMANCE IMPLICATIONS

ADMINISTRATIVE IMPLICATIONS

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

TECHNICAL ISSUES

OTHER SUBSTANTIVE ISSUES

ALTERNATIVES

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

The Board has indicated the following concerns if HB296 is not enacted:

1. Not acting on this bill would put New Mexico in the back of the pack of jurisdictions that are taking up similar bills in their legislature this year, making New Mexico inconsistent with the other jurisdictions who follow the UAA.
2. It could cause at least a two (2) year delay since in 2026, the legislature only meets for thirty (30) days, and they are primarily focused on budget items during that session. Therefore, they may not see this bill again until 2027.
3. It could risk mobility for CPAs to work in other jurisdictions if other jurisdictions adopt a similar law and ours is inconsistent with it.
4. It could cause individuals to pursue other professions because of the current barriers to entry to become a CPA through the current requirements. An additional pathway option could attract them to the CPA profession.
5. It could cause candidates to re-take exams if they pass the eighteen (18) month window. That has both a financial cost and a substantial time cost to prepare and retake the exam.

AMENDMENTS

To ensure that there are rules in place by the time HB296 takes effect, the Board is requesting that the effective date be changed to January 1, 2026.