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FISCAL IMPACT REPORT

LAST UPDATED _____
ORIGINAL DATE 02/12/2025

SPONSOR Parajon

BILL

SHORT TITLE Public Accountant Licensure Requirements **NUMBER** House Bill 296

ANALYST Montano

REVENUE* (dollars in thousands)

Type	FY25	FY26	FY27	FY28	FY29	Recurring or Nonrecurring	Fund Affected
Renewal Fees	No fiscal impact	(\$138.1)	(\$138.1)	(\$138.1)	(\$138.1)	Recurring	Public Accountancy Fund

Parentheses () indicate revenue decreases.
 *Amounts reflect most recent analysis of this legislation.

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT* (dollars in thousands)

Agency/Program	FY25	FY26	FY27	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
RLD	No fiscal impact	\$50.0	No fiscal impact	\$50.0	Nonrecurring	Public Accountancy Fund

Parentheses () indicate expenditure decreases.
 *Amounts reflect most recent analysis of this legislation.

Sources of Information

LFC Files

Agency Analysis Received From
 Regulation and Licensing Department (RLD)

Agency Analysis was Solicited but Not Received From
 New Mexico Attorney General (NMAG)

SUMMARY

Synopsis of House Bill 296

House Bill 296 (HB 296) revises the Public Accountancy Act by modifying definitions, adjusting qualifications for certification, and updating licensure requirements for practitioners from other states and jurisdictions. The bill ensures that accountants licensed in other states or countries must meet New Mexico’s education, examination, and experience standards before being allowed to practice in the state.

One of the key changes in HB 296 is the modification of educational and experience

requirements for certified public accountants (CPAs). The bill updates the number of credit hours and degree requirements necessary for licensure, ensuring that applicants either hold a bachelor's or master's degree with an accounting or business concentration and meet specific experience criteria. Additionally, the bill extends the examination credit period from 18 months to 30 months, giving applicants more time to complete all required sections of the CPA exam.

For out-of-state applicants, HB 296 replaces the previous “substantial equivalency” standard with a new requirement that their licensure standards be comparable to or exceed New Mexico's certification requirements. This change applies to both U.S. and foreign CPAs seeking recognition in New Mexico. The bill also revises firm registration and ownership requirements, mandating that a majority of a firm's ownership be held by licensed CPAs and that firms meet peer review standards for permit renewal.

HB 296 also strengthens enforcement and compliance provisions, ensuring that individuals who are not properly certified cannot present themselves as CPAs. The bill maintains continuing education requirements for license renewal while allowing certain exceptions for non-practicing accountants. These updates align New Mexico's CPA licensing rules with modern industry standards and improve the efficiency of the licensure and renewal process.

This bill does not contain an effective date and, as a result, would go into effect 90 days after the Legislature adjourns if enacted, or June 20, 2025.

FISCAL IMPLICATIONS

RLD expects HB296's provision to allow CPAs certified in other states to work in New Mexico without paying a certification fee to reduce revenue for the New Mexico Public Accountancy Board (NMPAB). RLD states there are currently 753 out-of-state CPA licensees and 71 permit holders. CPA license renewal fees are \$175 a year and permit renewal fees are \$100, so multiplying the total number of licensees and permit holders by the respective fee will produce the estimated loss of revenue: \$131 thousand on CPA license renewal fees and \$7,100 on permit renewals, which is an expected loss of \$138.1 thousand in revenue.

RLD expects HB296 to have a direct fiscal impact on its operating budget as the department implements the required changes and updates the NM plus online licensing system. RLD estimates contracting fees and implementation of the necessary additions to the software will cost \$50 thousand.

SIGNIFICANT ISSUES

RLD provides some commentary on behalf of the NMPAB:

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.

OTHER SUBSTANTIVE ISSUES

RLD notes:

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.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

RLD notes:

NMPAB has indicated the following concerns if HB296 is not enacted:

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. 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. It could risk mobility for CPAs to work in other jurisdictions if other jurisdictions adopt a similar law and ours is inconsistent with it. 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. 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.

NM/rl