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## FISCAL IMPACT REPORT

**ORIGINAL DATE** 02/10/14

**SPONSOR** Ingle **LAST UPDATED** \_\_\_\_\_ **HB** \_\_\_\_\_

**SHORT TITLE** State Auditor As CPA, CA **SJR** 18

**ANALYST** Boerner

### ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

|              | FY14 | FY15    | FY16 | 3 Year<br>Total Cost | Recurring or<br>Nonrecurring | Fund<br>Affected |
|--------------|------|---------|------|----------------------|------------------------------|------------------|
| <b>Total</b> |      | >\$46.0 |      | >\$46.0              | Nonrecurring                 | General<br>Fund  |

(Parenthesis ( ) Indicate Expenditure Decreases)

### SOURCES OF INFORMATION

LFC Files

#### Responses Received From

Office of the State Auditor (OSA)

Attorney General's Office (AGO)

### SUMMARY

#### Synopsis of Bill

Senate Joint Resolution 18 amends Section 3 of Article 5 of the Constitution of the State of New Mexico to require that the State Auditor be a certified public accountant licensed to practice in New Mexico.

### FISCAL IMPLICATIONS

Under Section 1-16-13 NMSA 1978 and the NM constitution, the SOS is required to print samples of the text of each constitutional amendment, in both Spanish and English, in an amount equal to ten percent of the registered voters in the state. The SOS is also required to publish the samples once a week for four weeks preceding the election in newspapers in every county in the state. In 2012, the cost for the 2012 General Election ballots was \$46,000 per constitutional amendment. However, if the ballot size increases so it becomes longer than one page, front and back, it would increase the cost of conducting the general election. This additional cost would come from costs associated with a longer ballot, additional time required to process individuals as they vote, and additional ballot printing systems to avoid long lines at voting convenience centers.

**SIGNIFICANT ISSUES**

The OSA reports that as of 2012, 26 states had no educational requirement for their State Auditors. Fourteen states required that they be CPAs, and 10 states required degrees or experience in auditing or accounting.

Within the New Mexico OSA, the positions of Financial Audit Director and Audit Manager currently require the persons who hold those positions to be licensed CPAs. Pursuant to the 1999 Public Accountancy Act, specifically Section 61-28B-17 NMSA 1978, the State Auditor and the State Auditor’s staff are considered to be in the practice of public accountancy.

The OSA currently has multiple components to its operations, including fraud investigations, financial audits, contracts administration, administrative rule promulgation, and legal. The current State Auditor is a Certified Fraud Examiner (CFE) and an attorney licensed to practice in New Mexico. Other credentials, such as Certified Government Financial Manager (CGFM), could be considered.

The new language in the bill does not provide that the CPA licensed to practice in New Mexico be “in good standing.” The qualification language applicable to the Attorney General in the same constitutional provision provides that the Attorney General must be a licensed attorney “in good standing.” The Legislature may consider making the new language consistent with that pertaining to the Attorney General’s qualifications.

**PERFORMANCE IMPLICATIONS**

Requiring the State Auditor to be a licensed CPA in New Mexico may limit the pool of potential persons who may hold the office.

CB/ds