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FISCAL IMPACT REPORT

SPONSOR Figuroa/Garratt **ORIGINAL DATE** 01/24/2020
LAST UPDATED 01/29/2020 **HB** 106/aHCEDC
SHORT TITLE Public Accountant Testing **SB** _____
ANALYST Daly

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY20	FY21	FY22	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total	NFI	NFI	NFI			

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Regulation and Licensing Department (RLD)

New Mexico Attorney General (NMAG)

SUMMARY

Synopsis of HCEDC Amendment

The House Commerce and Economic Development Committee amendment to House Bill 106 corrects what RLD reports was a drafting error. The amendment clarifies that the examination for certification be offered (on a continuing basis) at a designated testing center.

Synopsis of Original Bill

House Bill 106 amends the Public Accountancy Act to require its licensing board to administer its examination for certification as a public accountant on a continuous basis via a computer-based test, rather than four times a year at a specific location. It also removes the limitation that prevented an applicant from taking a failed test section within a three month period, along with two other now obsolete provisions stemming from the 2008 transition from paper and pencil to computer testing.

FISCAL IMPLICATIONS

RLD does not report any fiscal impact to its operating budget, as indicated in the table above by “NFI”. It also asserts that the amendments in this bill will allow cost savings for the licensing board by improving testing procedures, but provides no specific dollar amounts for purposes of this analysis.

SIGNIFICANT ISSUES

RLD explains that the Certified Public Accountant (CPA) examination is a four part test. Under current law, candidates are only allowed to take a particular section of the CPA examination once a calendar quarter. The limitations result in a candidate having only four chances per year to take a particular section of the examination. New Mexico is one of only four states that impose these testing restrictions. Computer technology and test preparation have improved over time so that a CPA candidate may take any one of the four parts of the test repeatedly, as soon as a non-passing score is received, so any one section of the exam may be taken up to 12 times a year. Successfully passing all four parts of the examination in an 18-month period will remain a requirement. Thus, the changes proposed in HB106 likely will result in more candidates passing all four parts of the examination more expediently within that 18-month period, resulting in an increase in CPA licensure in New Mexico.

MD/rl/sb