Individual State Agency Fiscal Note

Bill Number: 1648 HB	Title: Replacing an inactive certificate status with an inactive license designation.	Agency: 165-Board of Accountancy

Part I: Estimates

[X] **No Fiscal Impact**

Estimated Cash Receipts to:

NONE

Estimated Operating Expenditures from:

NONE

Estimated Capital Budget Impact:

NONE

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact . Factors impacting the precision of these estimates , and alternate ranges (if appropriate), are explained in Part II.

Check applicable boxes and follow corresponding instructions:

[ ] If fiscal impact is greater than $50,000 per fiscal year in the current biennium or in subsequent biennia , complete entire fiscal note form Parts I-V.

[ ] If fiscal impact is less than $50,000 per fiscal year in the current biennium or in subsequent biennia , complete this page only (Part I).

[ ] Capital budget impact, complete Part IV.

[X] Requires new rule making, complete Part V.

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Agency Approval:	Paul Bitar	Phone: 360-407-8129	Date: 01/10/2022
OFM Review:	Cheri Keller	Phone: (360) 584-2207	Date: 01/10/2022

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Briefly describe by section number, the significant provisions of the bill, and any related workload or policy assumptions, that have revenue or expenditure impact on the responding agency.

This bill would add a new type of licensure called "CPA-inactive." Additionally, the bill would eliminate the "certificate" licensure type, effective July 1, 2024.

Section 2(25) would add a definition for "substantial equivalency," which relates to evaluating the education, examinatior and experience requirements of other jurisdictions for purposes of licensure in the state of Washington.

These changes would reduce confusion of title and ensure that Washington's statutes governing CPAs align with other states and the National State Boards of Accountancy, and also help keep individual Washington CPA mobility from state to state.

II. B - Cash receipts Impact

Briefly describe and quantify the cash receipts impact of the legislation on the responding agency, identifying the cash receipts provisions by section number and when appropriate the detail of the revenue sources. Briefly describe the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explain how workload assumptions translate into estimates. Distinguish between one time and ongoing functions.

"CPA-inactive" status would be a new licensure type that would apply to individuals whose licenses are in an inactive status. These individuals would be allowed to renew their inactive licenses every three years without becoming an active licensee. Due to the fact that applying for the new CPA-inactive license would be optional, it is not possible to gauge the level of demand from those who would qualify. Accordingly, the potential impact to cash receipts is indeterminate.

ACB does not anticipate overall agency revenue to decline as a result of this bill.

II. C - Expenditures

Briefly describe the agency expenditures necessary to implement this legislation (or savings resulting from this legislation), identifying by section number the provisions of the legislation that result in the expenditures (or savings). Briefly describe the factual basis of the assumptions and the method by which the expenditure impact is derived. Explain how workload assumptions translate into cost estimates. Distinguish between one time and ongoing functions.

ACB would need to update its WACs to reflect the new licensure type and terminology in this bill, but the impact to agency staff would be minimal and is not expected to result in any costs.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

NONE

III. B - Expenditures by Object Or Purpose

NONE

III. C - Operating FTE Detail: *List FTEs by classification and corresponding annual compensation. Totals need to agree with total FTEs in Part I and Part IIIA*

NONE

III. D - Expenditures By Program (optional)

NONE

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures

NONE

IV. B - Expenditures by Object Or Purpose

NONE

IV. C - Capital Budget Breakout

Identify acquisition and construction costs not reflected elsewhere on the fiscal note and describe potential financing methods

NONE

IV. D - Capital FTE Detail: *List FTEs by classification and corresponding annual compensation . Totals need to agree with total FTEs in Part IVB*

NONE

Part V: New Rule Making Required

Identify provisions of the measure that require the agency to adopt new administrative rules or repeal/revise existing rules .

ACB would need to update 4-30 WAC to reflect the new terminology included in this bill.

Ten-Year Analysis

Bill Number	Title	Agency
1648 HB	Replacing an inactive certificate status with an inactive license designation.	165 Board of Accountancy

This ten-year analysis is limited to agency estimated cash receipts associated with the proposed tax or fee increases. The Office of Financial Management ten-year projection can be found at http://www.ofm.wa.gov/tax/default.asp .

Estimates

☐ **No Cash Receipts** ☐ **Partially Indeterminate Cash Receipts** ☒ **Indeterminate Cash Receipts**

Estimated Cash Receipts

Name of Tax or Fee	Acct Code											
Total												

Biennial Totals

Narrative Explanation (Required for Indeterminate Cash Receipts)

Eligible individuals would not be required to obtain licensure under the new CPA-inactive status, so it is not possible to estimate future impacts to cash receipts.

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