

Government of the District of Columbia  
Office of the Chief Financial Officer



**Natwar M. Gandhi**  
Chief Financial Officer

**MEMORANDUM**

**TO:** The Honorable Kwame R. Brown  
Chairman, Council of the District of Columbia

**FROM:** Natwar M. Gandhi  
Chief Financial Officer 

**DATE:** June 29, 2011

**SUBJECT:** Fiscal Impact Statement – “Accountant Mobility Amendment Act of 2011”

**REFERENCE:** Bill 19-80, draft committee print shared with OCFO on June 17, 2011

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**Conclusion**

Funds are not sufficient to implement the proposed legislation in the proposed FY 2012 through FY 2015 budget and financial plan period. Implementation of the proposed legislation would reduce special purpose revenue by an estimated \$125,000 in proposed FY 2012 budget and \$500,000 in the four-year financial plan period.

**Background**

The D.C. Board of Accountancy regulates the licenses of both professional accountants and accounting firms working in the District.<sup>1</sup> Accountants must pass a licensing exam administered by the American Institute of Certified Public Accountants and show proof of education and work experience requirements to be licensed. Under current law,<sup>2</sup> an accountant must hold a District issued professional accounting license to practice as an accountant in the District.

The proposed legislation would enable an accountant or an accounting firm with a professional license from any state, which National Association of State Boards of Accountancy (NASBA) has verified to be in substantial equivalence with the Certified Public Accountants licensure requirements of the Uniform Accountancy Act, to work as an accountant in the District without a District-issued license. This change to a system of reciprocity would make it easier for accountants to work for clients who do business in multiple jurisdictions.

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<sup>1</sup> District of Columbia Second Omnibus Regulatory Act of 1998, effective April 20, 1999 (D.C. Law 12-261; D.C. Official Code § 47-2853).

<sup>2</sup>See, for details, D.C Official Code § 47-2853.42 and § 47-2853.47.

## Financial Impact

Funds are not sufficient to implement the proposed legislation in the proposed FY 2012 through FY 2015 budget and financial plan period. The proposed legislation would reduce special purpose revenue by approximately \$125,000 in FY 2012 and \$500,000 in the four-year budget and financial plan.

Currently, accountants and accounting firms must pay a \$110 licensing fee every two years to keep a District-issued professional accounting license. If the reciprocity system proposed by this legislation is adopted, accountants who work in the District, but are also licensed in another jurisdiction, would no longer have reason to maintain a District license. Thus, over the next two years a number of accountants and firms licensed in other jurisdictions will cease to renew their District accounting licenses and will not pay the \$110 license fee.

According to data from the Board of Accountancy, District-based accountants constitute 18.5 percent of all District license holders and 33 percent of all firms. In addition, 2,198 accountants and 71 firms that hold District licenses are based in Maryland, Virginia, or some other jurisdiction. Assuming half these firms renew their licenses every year, the loss of revenue under the proposed legislation would be \$125,000 annually, starting in FY 2012. The revenue collected from license fees is special purpose revenue used to defray the costs of its regulatory and licensing activities for non-health-related occupations and professions.

<b>Estimated Fiscal Impact of B19-80 Accountant Mobility Amendment Act of 2011 FY 2012 – FY 2015</b>					
<b>Lost Revenue</b>	<b>FY 2012</b>	<b>FY 2013</b>	<b>FY 2014</b>	<b>FY 2015</b>	<b>Total</b>
CPA Licenses <sup>1</sup>	\$121,000	\$121,000	\$121,000	\$121,000	\$484,000
Firm Licenses <sup>1</sup>	\$4,000	\$4,000	\$4,000	\$4,000	\$16,000
<b>Total</b>	<b>\$125,000</b>	<b>\$125,000</b>	<b>\$125,000</b>	<b>\$125,000</b>	<b>\$500,000</b>

<sup>1</sup>All data from the Board of Accountancy, dated June 1, 2011.