

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: September 20, 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

This revised fiscal impact statement reflects a change in the estimated fiscal impact of the proposed legislation due to the provision of additional data to the OCFO, and replaces the fiscal impact statement dated June 29, 2011.

Conclusion

Funds are not sufficient to implement the proposed legislation in the FY 2012 through FY 2015 budget and financial plan period. Implementation of the proposed legislation would reduce special purpose revenue by an estimated \$94,000 in the proposed FY 2012 budget and \$376,000 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.¹ 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,² 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 with a professional license from any state, which the National Association of State Boards of Accountancy (NASBA) has verified to be in

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

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

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.

Financial Impact

Funds are not sufficient to implement the proposed legislation in the FY 2012 through FY 2015 budget and financial plan period. The proposed legislation would reduce special purpose revenue by approximately \$94,000 in FY 2012 and \$376,000 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 and have that jurisdiction as their principal place of business, would no longer be required to maintain a District license. Thus, over the next two years a number of accountants 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 who hold District licenses are based in Maryland, Virginia, or some other jurisdiction. Assuming half these accountants renew their licenses every year, the loss of revenue under the proposed legislation would be \$94,000 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.

Estimated Fiscal Impact of Bill 19-80 Accountant Mobility Amendment Act of 2011 FY 2012 – FY 2015					
Fiscal Year	FY 2012	FY 2013	FY 2014	FY 2015	Total
Lost Revenue	\$94,000	\$94,000	\$94,000	\$94,000	\$376,000

¹All data from the Board of Accountancy, dated June 1, 2011.