

**TITLE 872 INDIANA BOARD OF ACCOUNTANCY****Economic Impact Statement**

LSA Document #07-304

**IC 4-22-2.1-5 Statement Concerning Rules Affecting Small Businesses**

This proposed rule adds [872 IAC 1-1-10.5](#) to establish the fee, requirements, and procedures for the accountant investigative fund established by House Enrolled Act 1312, P.L.190-2007.

**Impact on Small Businesses****1. Estimate of the number of small businesses, classified by industry sector, that will be subject to the proposed rule:**

NAICS 541211	Certified Public Accountants	9,020
NAICS 541219	Public Accountant	88
NAICS 541219	Accounting Practitioner	13
NAICS 541211	Firm Permit to Practice Accounting	1,125
NAICS 541211	Accountancy Professional Corporation	310

As of the date of this statement, there are 9,020 active certified public accountants, public accountants, and accounting practitioners in the state of Indiana. Although the proposed rule affects the practices of certified public accountants, public accountants, and accounting practitioners specifically, small businesses for which these licensees are employed will also be affected because of the necessity for licensees to comply. There are approximately 1,125 accounting firms with permits to practice accountancy issued by the Board as of the date of this statement. However, some businesses that employ these licensees and are affected by this rule are not small businesses as defined by the statute, and as a result those businesses should not be included in this estimate. Although the exact number of small businesses affected by this rule will be less than 1,125, we are unable to determine the exact number that would be affected. As a result, estimates are based upon the maximum number.

**2. Estimate of the average annual reporting, record keeping, and other administrative costs that small business will incur to comply with the proposed rule:**

There will be no annual reporting, administrative costs, or record keeping requirements incurred by small businesses to comply with this rule.

**3. Estimate of the total annual economic impact that compliance with the proposed rule will have on all small businesses subject to the rule:**

There will be an insignificant impact on small businesses as a result of compliance with this rule. The rule proposes an additional \$10 fee for the issuance of a CPA license. On behalf of the Indiana Board of Accountancy, the Indiana Professional Licensing Agency issues approximately 365 CPA licenses each year. An additional \$30 fee will be assessed every three (3) years for the renewal of a certified public accountant, public accountant, and accounting practitioner license. Although the proposed rule directly affects the individual licensee, the small businesses in which these licensees are employed will also be affected because of the licensees' compliance with this rule. Some accounting firms may choose to pay the fees assessed to their covered employees. There are approximately 1,125 accountancy firms with permits to practice accountancy issued by the Board as of the date of this statement. However, some businesses that employ these licensees and are affected by this rule are not small businesses as defined by statute, and as a result those businesses should not be included in this estimate. Although the exact number of small businesses affected by this rule will be less than 1,125, we are unable to determine the exact number that would be affected. Estimates are based upon the maximum number.

Total number impact based upon \$10 issuance fee:

$$365 \text{ licenses issued} \times \$10 = \$3,650$$

Total annual impact based upon \$30 renewal fee paid every three years:

$$(\$30 \times 9,122 \text{ licensees}) / 3 \text{ years} = \$91,220 \text{ per year}$$

Total impact = \$94,870

**4. Statement justifying any requirement or cost that is imposed on small businesses by the rule; or any**

**other state or federal law:**

The cost on small businesses is minimal. It amounts to \$10 per year per licensee should the small business elect to pay the fee on behalf of its employees. The investigative fund, which was established by House Enrolled Act 1312, P.L.190-2007, is designed to further enforce the accountancy statute and rules. In addition, the rule will enhance the protection of consumers from unscrupulous practitioners.

**5. Regulatory flexibility analysis of alternative methods:**

No alternatives were considered as the proposed rule has an insignificant fiscal impact.

**6. Conclusion**

The Office of the Attorney General investigates consumer complaints, and their time and efforts are divided among a great many professions. Having a dedicated investigative fund solely to investigate the violation of the accountancy statute and rules will greatly enhance resources in pursuing complaints brought against any accountancy professional, thus increasing the protection of Indiana consumers.

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