

Adverse impact notification sent to Joint Commission on Administrative Rules, House Committee on Appropriations, and Senate Committee on Finance (COV § 2.2-4007.04.C): Yes Not Needed

If/when this economic impact analysis (EIA) is published in the *Virginia Register of Regulations*, notification will be sent to each member of the General Assembly (COV § 2.2-4007.04.B).



Virginia Department of Planning and Budget Economic Impact Analysis

18 VAC 5-22 Board of Accountancy Regulations
Board of Accountancy
Town Hall Action/Stage: 4934 / 8087
December 5, 2017

Summary of the Proposed Amendments to Regulation

The Board of Accountancy (Board) proposes to eliminate an obsolete fee and amend language for consistency with the Code of Virginia.

Result of Analysis

The benefits likely exceed the costs for all proposed changes.

Estimated Economic Impact

The current regulation includes a \$25 fee for “Preliminary evaluation of whether a person has met the requirements to take the CPA examination.” According to the Board, preliminary evaluations are no longer performed. Consequently, the Board proposes to repeal the inclusion of this fee in the regulation.

The Board also proposes two amendments to conform regulatory language with the Code of Virginia. The first would add “financial statement preparation services” to the list of services provided when the board lifts a suspension. Because the change is consistent with statutory language throughout Chapter 44 of the Code of Virginia regarding penalties that can be imposed on public accountants by the board in § 54.1-4413.4, this change will provide clarification to services provided by the board but will not change practice. The conforming amendment would change the text of the term, “wall certificate” to “CPA wall certificate”. This term has been used

in legislation since 2007 with the enactment of Chapter 804 of the 2007 Virginia Acts of Assembly.¹

None of the proposed amendments change requirements in practice, but nonetheless would be beneficial in that they improve clarity for readers of the regulation.

Businesses and Entities Affected

The proposed regulation affects CPA firms and CPAs, and CPA licensure applicants. As of September 30, 2017, there were 27,842 persons who held Virginia CPAs licenses, and 1,179 entities or sole proprietors that held Virginia CPA firm licenses. Annually, there are on average 1,360 total applicants for licensure.² All or most CPA firms would qualify as small businesses.

Localities Particularly Affected

The proposed amendments do not disproportionately affect particular localities.

Projected Impact on Employment

The proposed amendments do not significantly affect employment.

Effects on the Use and Value of Private Property

The proposed amendments do not affect the use and value of private property.

Real Estate Development Costs

The proposed amendments do not affect real estate development costs.

Small Businesses:

Definition

Pursuant to § 2.2-4007.04 of the Code of Virginia, small business is defined as “a business entity, including its affiliates, that (i) is independently owned and operated and (ii) employs fewer than 500 full-time employees or has gross annual sales of less than \$6 million.”

Costs and Other Effects

The proposed amendments do not significantly affect costs for small businesses.

Alternative Method that Minimizes Adverse Impact

The proposed amendments do not adversely affect small businesses.

¹ See <http://leg1.state.va.us/cgi-bin/legp504.exe?071+ful+CHAP0804>

² Data source: Board of Accountancy

Adverse Impacts:**Businesses:**

The proposed amendments do not adversely affect businesses.

Localities:

The proposed amendments do not adversely affect localities.

Other Entities:

The proposed amendments do not adversely affect other entities.

Legal Mandates

General: The Department of Planning and Budget has analyzed the economic impact of this proposed regulation in accordance with § 2.2-4007.04 of the Code of Virginia (Code) and Executive Order Number 17 (2014). Code § 2.2-4007.04 requires that such economic impact analyses determine the public benefits and costs of the proposed amendments. Further the report should include but not be limited to: (1) the projected number of businesses or other entities to whom the proposed regulatory action would apply, (2) the identity of any localities and types of businesses or other entities particularly affected, (3) the projected number of persons and employment positions to be affected, (4) the projected costs to affected businesses or entities to implement or comply with the regulation, and (5) the impact on the use and value of private property.

Adverse impacts: Pursuant to Code § 2.2-4007.04(C): In the event this economic impact analysis reveals that the proposed regulation would have an adverse economic impact on businesses or would impose a significant adverse economic impact on a locality, business, or entity particularly affected, the Department of Planning and Budget shall advise the Joint Commission on Administrative Rules, the House Committee on Appropriations, and the Senate Committee on Finance within the 45-day period.

If the proposed regulatory action may have an adverse effect on small businesses, Code § 2.2-4007.04 requires that such economic impact analyses include: (1) an identification and estimate of the number of small businesses subject to the proposed regulation, (2) the projected reporting, recordkeeping, and other administrative costs required for small businesses to comply with the proposed regulation, including the type of professional skills necessary for preparing required reports and other documents, (3) a statement of the probable effect of the proposed regulation on affected small businesses, and (4) a description of any less intrusive or less costly alternative methods of achieving the purpose of the proposed regulation. Additionally, pursuant to Code § 2.2-4007.1, if there is a finding that a proposed regulation may have an adverse impact on small business, the Joint Commission on Administrative Rules shall be notified.