

STATE OF MINNESOTA  
BOARD OF ACCOUNTANCY

PROPOSED AMENDMENT TO A RULE OF  
THE STATE BOARD OF ACCOUNTANCY  
GOVERNING EXAMINATION FEES FOR  
CERTIFIED PUBLIC ACCOUNTANTS

STATEMENT OF NEED  
AND REASONABLENESS

The above-captioned rule is an amendment to an existing rule of the Board of Accountancy ("Board"). The Board's rules were last amended on July 26, 1984.

The need for and reasonableness of this rule is as follows:

I.

STATUTORY AUTHORITY

Minn. Stat. § 326.18 (1984) empowers the Board to promulgate and adopt rules, including all rules proper to carry into effect the purposes of Minn. Stat. §§ 326.165 to 326.23. Minn. Stat. 326.22 (1984) empowers the board to charge for each examination and certificate a fee, to be prescribed in the Board's rules, to meet the expenses of the examination. Minn. Stat. §§ 214.06 and 326.17 (1984) further authorize the Board, with the approval of the Commissioner of Finance, to adjust any fee which the Board is empowered to assess a sufficient amount so that the total fees collected by the Board will as closely as possible equal anticipated expenditures during the fiscal biennium. In addition, Minn. Stat. § 16A.128 (1984) provides that fee adjustments shall be made with the approval of the Commissioner of Finance and may be made using the procedure for noncontroversial rules specified in Minn. Stat. § 14.21 to 14.28, except that no public hearing may be held when

the total fees estimated for the biennium will not exceed the sum of direct appropriations, indirect costs, transfers in and salary supplements for that purpose for the biennium.

## II.

### FACTS ESTABLISHING NEED AND REASONABLENESS

The fact that Board fee-generated revenue from the Uniform Certified Public Accountant Examination is projected to fall short by \$15,513 in F.Y. 1986 and \$15,575 in F.Y. 1987 requires that a fee increase be made in accordance with Minn. Stat. §§ 16A.128 and 214.06 (1984). Board fee generated income is deposited in the State General Fund with Board expenses paid from an appropriation made by the Legislature on a biennial basis. The proposed fee change to be accomplished by implementation of this rule was approved by the Commissioner of Finance on April 10, 1985.

The Minnesota State Board of Accountancy administers the Uniform CPA Examination, a national standardized test prepared by the Board of Examiners of the American Institute of Certified Public Accountants ("AICPA"). All completed examination papers are sent to the AICPA in New York for grading. The AICPA charges the Minnesota State Board a fee of \$10.00 per part for grading, preparation of exam questions and solutions, printing of exam booklets, preparation of grade reports, exam supplies, statistical data and maximum security precautions. The AICPA will increase the fee for these services to \$12.50 per part beginning November 1985 (F.Y. 1986).

The Board proposes to raise the examination fee to \$115.00 for first time candidates (5 parts per exam for first time candidates) and \$27.00 per part for re-exam candidates, not to exceed \$115.00 for complete re-examination. By increasing the fee for the examination by \$15.00 for first time candidates (790 candidates for F.Y. 1986

and 800 candidates for F.Y. 1987) the Board projects it will recover an additional \$11,850 for F.Y. 1986 and an additional \$12,000 for F.Y. 1987. By increasing the fee for re-examination \$2.00 per part (2,255 parts for F.Y. 1986 and 2,280 parts for F.Y. 1987) the Board projects it will recover \$4,510 for F.Y. 1986 and \$4,560 for F.Y. 1987. Total additional income generated by the increase in examination fees for F.Y. 1986 and F.Y. 1987 is projected to approximate and recover the additional cost to the Board.

It is necessary to increase the examination fees because the Board will be faced with additional costs and Minn. Stat. § 16A.128 (1984) requires the Board to recover these costs. It is reasonable to increase the candidate's fee for the examination since the increased cost to the Board is directly related to the administration of the CPA Examination. The amount of the proposed fee increase reasonably reflects the additional cost experienced by the Board for administration of the examination.

The agency has considered the impact that the proposed increase in fees will have on small business and finds that such impact will be minimal and that any impact is mandated by law. The proposed increase will not impose additional compliance or reporting requirements.

Dated: May 20, \_\_\_\_\_, 1985.