

Oregon State Board of Tax Practitioners

Board Meeting Minutes

Meeting Date: January 8, 2009

Time: 9:02 a.m. – 5:32 p.m.

Location: Morrow Crane Building, Salem, Oregon

Attendees: Marilyn Johnston (Board Chair)
 Alan Twombly (Vice-Chair)
 Merry VanAtta
 Toni Ellsworth
 Jess Gutierrez
 Dorothy Hudson
 Janis Salisbury

Guests: Nancy Hubbard, OSTL
 Susan Parks, OAIA
 Judith Wilkins, OATC
 Linda Thomas
 Donna Gilmour
 John Bell

Staff: Ron A. Wagner, Executive Director
 Jane A. Billings, Exam & Education Coordinator
 Marika B. Dwyer, Licensing Specialist

| ITEM | ACTION / DISCUSSION |
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| Johnston called the meeting to order at 9:02 a.m. | |
| Roll called. | Board members present: Gutierrez, Salisbury, Ellsworth, Twombly, Hudson, VanAtta, and Johnston. Johnston reminded attendees of Board meeting protocol. |
| Approval of meeting minutes. | <p>Johnston allowed Board members a moment to review the previous meeting minutes. Gutierrez recommended that the decision to have an open book preparer exam be expanded upon. The Board discussed balancing word for word notes versus summarizing the decision. The solution would be including links to Committee meeting minutes and attached rules. Salisbury voiced concern about the lack of detail in the rule change reference in the minutes. She suggested an attachment to the proposed rulemaking document. Ellsworth wanted more detail about the two hours spent on the Licensee Luncheon and Board member presentations.</p> <p>Motion: Salisbury made a motion to accept the November 4, 2008 Exam & Education Committee meeting minutes as reviewed by the Board. Motion passed. Ayes: Gutierrez, VanAtta, Twombly, Salisbury, Hudson, Ellsworth, and Johnston.</p> <p>Motion: Twombly made a motion to approve the November 5, 2008 Board meeting minutes as presented with changes noted. Motion passed. Ayes: Twombly, Ellsworth, Hudson, VanAtta, Gutierrez, Salisbury, and Johnston.</p> <p>Board meeting minutes are located on the Tax Board Web site at: http://www.oregon.gov/OTPB/Meeting_Minutes.shtml</p> |
| Administration Report | |
| Budget reported by Ron Wagner. | Revenues for October were \$75,075, and for November were \$70,383. Both exceed projected budget revenues, by \$6,000 in October, and by \$26,000 in November. |

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Year-to-date projected revenues were \$772,000 and actual revenues were \$1,013,068, so exceeded by \$241,068. This seems largely due to the \$220, 607 collection of one compliance case.

Projected expenses year-to-date were \$769,500, and actual expenses were \$691,034, \$70,466 less than the projected amount. The ending balance is \$639,736. Revenues will be very minimal for the next few months.

Questions about amounts in the BRIO report;

Account #4225 is “state government services charges,” such as DAS assessments (HR, Purchasing, Budget, etc.), Risk Management and Oregon State Treasury fee. **Account #4650** is “other services and supplies,” includes credit card fees, US Bank lock box, and Department of Revenue collection fees.

The unemployment expenses are allowed for six months. Many years ago the Board made a decision to be self insured.

Ellsworth expressed concern about how the state will view the Board’s over funds. Wagner explained that the E-Board could still approve the project proposed to implement online registration. Hudson recommended that the reason the funds are so high and what projects they are designated for could be covered in the Tax Board Bulletin newsletter. Gutierrez stressed that the Board funds should go toward the mission of the Board, compliance and public awareness and protection. The Board is limited by the approved budget and cannot spend money on items not in the Governor’s Approved Budget.

Ellsworth suggested getting the word out by printing information and distributing to banks and colleges. Salisbury will bring a brochure used previously that was distributed by organizations and licensees. She will call her office to have it faxed for the Board. Wagner described how radio stations like to have a recorded “sound bite” or “pod cast” available to use on the Web.

Wagner shared some of the statistics from the database that reflect the office workload. The numbers actually were larger because there were applications processed where the applicant had not taken the exam yet. Gutierrez felt that it would be helpful to have a geographic breakdown for the statistics.

| | OCT-DEC 2007 | OCT-DEC 2008 |
|--------------------------------------|---|--------------|
| Exams Taken 34.5% Increase | 534 | 718 |
| License Applications 84% Increase | 262 | 481 |
| Combined Processed | 796 | 1200 |
| Exam Sign Ups 139% Increase | 496 | 1183 |
| | Wagner shared interesting statistics about average exam times now that the preparer’s | |

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| | exam is open book. Walker said that historically examinees took 3-3.5 hours to take the exam. Having the exam open book made a huge difference—people stayed longer, even though the test had the same number and difficulty of questions the same length of time. Billings reported that many instructors did not allow an open book for their 80-hour course final. | | |
| | 2004 | 2007 | 2008 |
| Number of examinees left after 5 hours | 19\225 | 18/188 | 123/254 |
| | Ellsworth volunteered to work with Billings on a survey concerning the impact of having the exam open book. | | |
| | Wagner assisted the group with filling out secrecy law certificates to keep on file with the Department of Revenue. | | |
| Board Meeting Break 10:42 a.m.-11:00 a.m. | | | |
| Rule Making Update and Discussion | | | |
| Reported by Jane Billings. | <p>The Board reviewed, held discussion, and finalized the changes for proposed rulemaking revisions. Judith Wilkins shared public comment and suggested if switching to “calendar day,” the Board needs to switch all similar references.</p> <p>VanAtta requested that the Board be given materials a week before the meeting to allow time for review. The Board will have a telephone meeting on January 29th to vote on rulemaking revisions after the public hearing scheduled for January 21st.</p> | | |
| Licensing Report | | | |
| Statistics reported by Marika Dwyer. | There are several new branches open and the number of ineligible preparers has gone up, reflecting the backlog of license applications yet to be processed. The number of initial consultants and preparers are down, and the numbers of inactive preparers are going up. The report is only a “snapshot in time.” | | |
| Exam and Education Report | | | |
| Reported by Jane Billings. | <p>The Board administered exam was held at Chemeketa Community College. Billings expressed appreciation to the volunteers.</p> <p>The majority of people gave positive comments about the exam, including the open book exam for preparers. Ellsworth volunteered to come up with some survey questions to mail out to new preparers to get some additional feedback. Some exam takers felt they didn’t have time to complete the comment sheet during the exam.</p> <p>Statistically the preparer applicants seem to be doing well. The pass rate for the consultants appears lower than in previous years. Having the preparer’s exam open book may be helping. There were several questions that were repeatedly commented on. The exam comments will be reviewed in Executive Session.</p> <p>Due to the number of complaints received regarding the Tax Planning Institute (Damon Mayer) approval status as a CE provider has been withdrawn effective</p> | | |

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| | <p>12/24/08. The approved CE vendors list has been updated on the Web.</p> <p>Continuing education evaluations CCH CE reviewed by Johnston was determined to be acceptable for hours requested, except for one called Tax Penalties: A Developing Danger (Preparer Penalties/Circular 230). Johnston recommended not approving because there was a tax law change in that area where they backed off from the “more likely than not.” The new tax law was not incorporated at all, needs updating, and it would have to be reviewed again once updated.</p> <p>New vendor, CPE Depot (Chris Clark), has several courses to view online. Instruction and passwords were included. Billings handed out hours to review to the Board members. Board members should review and return to staff.</p> <p>Motion: Twombly made a motion to accept the CCH continuing education hours as recommended by the Board reviewers. Motion passed. Ayes: Hudson, VanAtta, Twombly, Ellsworth, Gutierrez, Salisbury, and Johnston.</p> |
| <p>Lunch 12:00 p.m.</p> | |
| <p>Johnston reconvened the Board meeting at 12:31 p.m.</p> | |
| <p>Instructors' Workshop</p> | |
| | <p>The group brainstormed about what to include in the workshop. It will be held on August 4, 2009. It was suggested to use ODOT's HR Center as the location.</p> <p>Salisbury shared some of the history of the workshop—how it began 30 years ago and was held every other year. She also reminded the group that the purpose of the workshop is to let the instructors know the Board's expectations, and also give them some teaching techniques.</p> <p>Highlights of ideas:</p> <ul style="list-style-type: none"> • Seat participants at tables by experience to get a mix • Relating to students with English as their second language • Learning methods and understanding • Be sure instructors know how long they are supposed to speak • How to take a test • Having handouts was good • Be sure to post presentations to the Web • Have smaller groups for working on questions • Participants receive CE • Finish with Board giving a panel discussion • Workshop is free; no lunch provided • Notice should go out in May or June, possibly in newsletter <p style="text-align: center;">AGENDA EXAMPLE: Director – Welcome and Introductions Board Chair – Johnston or Twombly</p> |

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| | <p style="text-align: center;">First Presenter Break Second Presenter Break for Lunch Break into groups to discuss questions Panel Discussion</p> <p>The group agreed this would be a good format. Begin at 8:30 a.m. and finish at 3:30 p.m. Salisbury and Hudson will work with Billings to solidify the content.</p> |
| Executive Session | |
| To discuss information exempt from public disclosure under ORS 673.730(4). Pursuant to 192.660(2)(f). This Executive Session is closed to members of the public. | |
| Executive Session 12:58 p.m.-2:15 p.m. | |
| Board Meeting Break 2:15 p.m.-2:25 p.m. | |
| | Motion: VanAtta made a motion to accept the settlement agreement from Gerard Berardi, a stipulated final order requiring him to relinquish his tax preparer license and pay \$1,000. Motion passed. Ayes: Twombly, Ellsworth, Salisbury, Hudson, VanAtta, Gutierrez, and Johnston. |
| Compliance Report | |
| | Walker was unable to finalize her report due to medical leave. Gabliks assured the public that compliance will still be an issue for the Board and staff. Wagner will be spending a day a week working on it. |
| Waiver Requests | |
| License Waiver for prior conviction, Rhonda Artiaga | Motion: Gutierrez moved that the Board grant the waiver. Motion passed. Ayes: Twombly, VanAtta, Gutierrez, Ellsworth, Salisbury, Hudson, and Johnston. The Board is willing to grant this based on representation by the prior administration. |
| License Waiver for prior conviction, Melissa Bagg | Motion: Gutierrez moved that the Board grant the waiver if proof of expungement is provided. Motion passed. Ayes: VanAtta, Twombly, Salisbury, Ellsworth, Hudson, Gutierrez, and Johnston. |
| Waiver to allow DC for two businesses, Nancy Gallagher | Motion: Gutierrez moved that the Board grant the waiver. Motion passed. Ayes: Hudson, Twombly, Salisbury, Ellsworth, VanAtta, Gutierrez and Johnston. |
| Public Comment | |
| Donna Gilmour | She commented on the Instructors' Workshop, stating the ODOT building may not be suitable for the general public, being hard to find. The Board should take advantage of having Dorothy Hudson. She is an excellent seminar instructor at the consultant level. |
| John Bell | He plans to close the Hillsboro office. He was hoping he and Jose Montebancho could sell to a Hispanic speaking buyer. Bell is now listed at his Beaverton location. |
| Other Business | |
| New Phone System | Wagner reported the new phone system is working and that there are individual |

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| | numbers for each line now. He believes the fees will now decrease because calls to Portland are no longer long distance. |
| Compliance Database | Currently all compliance records are in hard copy, and this makes it hard to run statistics and reports. Wagner and Walker met with Helion, contractor to the database, about the enhancement. They are aware of the budget constraint of under \$5,000, and expect to be up and running by the end of March. |
| Security Plan Group | Billings is working on a committee with other Boards in our building. This ongoing plan incorporates personal security, disaster relief, recovery plan, etc. |
| Newsletter Issue Dates | The Tax Board Bulletin is published June 30 th and October 31 st . Articles will be assigned in May. |
| Executive Session | |
| To discuss information exempt from public disclosure under ORS 673.730(4). Pursuant to 192.660(2)(f). This Executive Session is closed to members of the public. | |
| Executive Session 2:44 p.m.-5:25 p.m. | |
| | To discuss examination candidate questions and comment forms |
| Executive Session | |
| To discuss information exempt from public disclosure under ORS 673.730(2)(i). Pursuant to 192.660(2)(f). This Executive Session is closed to members of the public. | |
| Executive Session 5:25 p.m.-6:45 p.m. | |
| | To discuss review of the current Director |
| Adjournment | |
| Johnston adjourned the Board meeting at 6:45 p.m. | |

Next meeting:

May 14, 2009

Morrow Crane Building, Salem, Oregon