



Oregon Board of Tax Practitioners

Public Board Meeting Minutes

Inn at the Commons, 200 N Riverside Ave, Medford Oregon
September 25, 2014

Mission: The Board of Tax Practitioners protects consumers by ensuring that Oregon tax professionals are competent and ethical in their professional activities.

Board Members in attendance:

Joe Lovato, LTC, Chair
Nutan Arora, LTC, Vice-Chair
Michael Addington, LTC
Janis Salisbury, LTC
Dorothy Hudson, LTC
Susan Gallagher-Smith, LTC

Board Staff in attendance:

Bill McMillen, Executive Director
Kelly Gabliks, Assistant Attorney General
Jane Billings, Exam & Education Coordinator
Heather Shepherd, Compliance Specialist

1. CALL TO ORDER

Chair Joe Lovato called the public session to order at 11:28 a.m. Roll call was completed. Kelly Gabliks introduction of meeting, public session followed by executive session

2. Request for amendments to proposed agenda

Board minutes of July 10, 2014 - approved as written no additions or corrections.

3. COMPLIANCE REPORT

BOARD ACTIONS:

Moved and carried that the Board issue a Notice of Intent to Impose Discipline and Right To Hearing to **Candi M. Rowley** (License #27079-C) for violating the provisions of Oregon Revised Statute 673.643 and Oregon Administrative Rule 800-025-0020(1). Also included in the Notice, an Intent to Discipline and Right to Hearing for one violation of ORS 673.643 and OAR 800-025-0020(1) failure to Register a Business at \$100 per year.

Moved and carried that the Board issue a Notice of Intent to Impose Discipline and Right To Hearing to **Evelina Davidson** (non-licensee) for violating the provisions of Oregon Revised Statute 673.615, Oregon Revised Statute 673.643(1) and Oregon Administrative Rule 800-025-0020(1). Also included in the Notice, an Intent to Discipline and Right to Hearing for: Three violation(s) of ORS 673.615(1) Unlicensed activity at \$2,500 per year; three violation(s) of ORS 673.643 and OAR 800-025-0020(1) failure to Register a Business at \$2,500 per year.

Moved and carried that the Board issue a Notice of Intent to Impose Discipline and Right To Hearing to **Victor Cruz-Olvera** (non-licensee) for violating the provisions of Oregon Revised Statute 673.615(1), Oregon Revised Statute 673.643, Oregon Revised Statute 673.700(7), Oregon Administrative Rule 800-010-0050 and Oregon Administrative Rule 800-025-0020(1). Also included in the Notice, an Intent to Discipline and Right to Hearing for: 80 violation(s) of ORS 673.615(1) unlicensed activity at \$100 per violation; 2 violation(s) of ORS 673.643 and OAR 800-025-0020(1) failure to register a business at \$100 per year/violation; 2 violation(s) of ORS 673.700(7) and OAR 800-010-0050 advertising & solicitation at \$50 each.

Moved and carried that the Board issue a Notice of Intent to Impose Discipline and Right To Hearing to **Janet Morton** (License #28075-C) for violating the provisions of Oregon Revised Statute 673.700(3), Oregon Revised Statute 673.705(7), Oregon Administrative Rule 800-010-0017(1), Oregon Administrative Rule 800-010-0025(8) and Oregon Administrative Rule 800-010-0045. Also included in the Notice, an Intent to Discipline and Right to Hearing for: Seven (7) violation(s) of ORS 673.700(3) negligence or incompetence in tax consultant practice, and 800-010-0017(1) incompetence, lack of ability of fitness, detrimental conduct to client at \$1,000 per violation; Seven (7) violation(s) of OAR 800-010-0045 experience and competence at \$1,000 per violation.

Moved and carried that the Board issue a Notice of Intent to Revoke the license of **Michaela Gustafson Ghioni** (License #32541-C) for violating Oregon Revised Statute 673.705(6), ORS 673.705(7) and multiple violations of the code of professional conduct and to impose the maximum civil penalty for all violation found.

Moved and carried that the Board issue a Notice of Intent to Impose Discipline and Right To Hearing to **Kemble Minh Doan** (License # 28195-C) for violating the provisions of Oregon Revised Statute 673.700(6) and Oregon Administrative Rule 800-015-0015(6). Include in the Notice, an Intent to Discipline and Right to Hearing for: One violation(s) of ORS 673.700(6) and OAR 800-015-0015(6) for failure to comply with continuing education at \$1,000 and require review of CE compliance for five consecutive years.

4. PUBLIC COMMENT

Kathleen Crawford:

Regarding Licensed Tax Consultant (LTC) Courses in Southern Oregon – can the board encourage providers to offer more courses? Currently there are limited options, only two courses are available.

Michael Bakke:

Requests board talk with the Department of Revenue (DOR) and see if there is a way to get faster response times on client questions rather than having to wait 24 hours for a response.

Anonymous:

Can the LTC exam be changed to open book? Even if we have been in the tax business for twenty years we still look things up. It is not so much what is memorized but to know where to look up the topics.

Vicki Fawcett:

Can LTC exam be open book? It would be a welcome thing.

Kathleen Crawford:

Regarding Licensed Tax Prepares (LTP) and LTC experience requirements. 1000 hours seems punitive as a way to get cheap labor for the large firms. Also, why does the Tax Board require 30 hours of CE when the IRS only requires 18?

Svitlana A. Rogers:

I'd like to see the LTC exam being computerized in the near future.

4. PUBLIC COMMENT, continued

Anonymous:

Regarding renewal fees: Do you see the rates going up? At the present time the fees are high for Business and Individuals. It looks like a revenue scam to me.

Carlene Dean:

Seeks compliance guidance when working with online clients. How should a preparer identify themselves as licensed in Oregon? Is it required to identify one's self as "Licensed by Oregon"?

Is there any constraints regarding working with those clients who are customers of the company or any other special rules?

All contact with client is via phone or internet. Preparer does not prepare return, only assists with tax knowledge or explains how to fill out form.

Jane Sugrue:

Remove licensee personal addresses from publicly posted license. Also, what was the pass rate for volunteer exam takers LTP and LTC?

Nancy Hubbard:

Introduce board and positions.

Anonymous:

Regarding Continuing Professional Education (CPE) educator providers – Are there disciplinary measures for when providers tax materials are out of date or incorrect? Plus non-correspondence to licensee when submission of test results and completion certificates are not mailed timely?

5. ADMINISTRATION REPORT

a. Budget Update

Mr. McMillen provided the Board members with the current budget and financial update. The Board has just completed the first step in the biennial budget process. The Agency Request recently passed DAS audit. The next step is the Governor's Balanced Budget due in late November or early December followed by the Legislative Budget completed in June 2015. At this time, it appears that the Board is in-line with the projected budget for the biennium although Revenues are lower than plan. Staff has conservatively scaled back spending to match actual revenue received.

b. Office Update

Mr. McMillen reported that all staff changes are complete with Jane Billings continuing as the Exam and Education Coordinator; Heather Shepherd accepted a developmental assignment as the Compliance Specialist; and Shari Barrett begins work on October 1 as the Licensing Specialist. The staff is all committed to providing faster response with renewals and higher quality customer service in the coming year.

Mr. McMillen reported that our current database provider might be able to connect our system with the company building the agency's online registration system. A meeting is scheduled for November to explore how the two firms will link up.

The Board is working with the IRS on its Voluntary Licensing project. Staff supplied the IRS with a test list of active licensees to confirm our data matched their required format. Once we identify a good match the Tax Board will send a final list of active licensees in mid-December for the IRS to use as basis exempting Oregon licensees from needing to meet the IRS' education and testing requirements.

6. LICENSING REPORT

Ms. Shepherd provided the licensee statistics for September 2014. Ms. Shepherd reported that Preparer renewals are coming in but she predicts many more will arrive before the October 15th deadline.

7. EXECUTIVE SESSION

Chair Lovato closed the public session at 9:39 a.m. to convene in Executive Session pursuant to ORS 192.660(2)(f). The Executive Session is closed to members of the public.

Chair Lovato called the public session meeting back to order after conclusion of the Executive Session at 11:28 a.m.

8. EXAM AND EDUCATION REPORT

a. Examination Update, including Instructor Pass Rates

The 2014 year to date examination reports were presented to the members by month. Also shared with the Board were the pass rates July and August 2014. Reports indicate that the pass rate continues to decline.

Ms. Billings notified Board members that Barb Jenkins visited the Board office on July 29 and 30. Barb selected five versions of the preparer exam and identified questions in the exam pool for board review. The following five volunteers Leslie Couch, Dildora Beaulieu, Mary Sue Walker, Heidi Hogan and Ian Taylor each took a version of the exam. Ms. Billings shared that the volunteer test takers provided her with positive feedback about their experience. The new preparer exam went into effect on September 1, 2014 and Ms. Billings has uploaded the current General Information Booklet to the Tax Board website. The booklet includes information on 80-hour course sponsors and approved proctor sites.

The last year presented a new challenge to 80-hour sponsors due to changes at the Department of Education. The Higher Education Coordinating Committee (HECC) was formed to regulate all academic programs beyond K-12. The transition required Ms. Billings to work closely with the HECC staff to identify the unique nature of the board's program for 80-hour sponsor approval.

Course sponsors will need to submit their applications earlier and demonstrate to HECC that they meet their requirements as well as the Board's rules before beginning a class.

b. CE Update Discussion, including the CE Audit Update

The Continuing Education (CE) audit consisted of 208 Consultants audit letters mailed on July 31, 2014. To date Ms. Billings has received five incomplete letters, thirteen lapsed licensees that will continue to be monitored to see if they renew, eleven missed the initial response deadline and their second notice deadline is October 17, 2014.

Ms. Billings regularly gets calls from licensee asking about CE classes. Detailed information is on the website identifying qualified sponsors. As a reminder, only tax related classes approved by CTEC, IRS or NASBA will qualify as acceptable CE.

Approximately 180 preparers have been selected for the 2014 audit and audit notifications are anticipated to go out in October.

c. Rules Advisory Committee

The committee is made up of twenty licensee members who met on August 27th to review the board rules and recommendations suggested by staff. Their findings and recommendations will be presented at the November Board meeting.

d. Updates

The annual board exam takes place on December 6, 2014 at Chemeketa Community College. Ms. Billings is looking for at least fifteen volunteers to proctor the exam. She estimates between 150-200 applicants for the exam.

Ms. Billings reminded the board that 2015 is the year for the biennial Instructor Workshop and she is open to receiving suggestions for relevant topics.

9. Waiver Requests

Sherry Moore of Happy Valley was granted a temporary waiver by the Business Practices Committee and the Board voted to approve a permanent waiver.

BOARD ACTION: Moved by Ms. Hudson and carried to ratify the acceptance of the waiver request for Sherry Moore, Happy Valley, Oregon through October 31, 2014, per the Business Practice Committee's temporary approval issued on September 19, 2014.

VOTE: 6 ayes;

10. Other

Mr. McMillen asked that Wayne Underhill be recognized for putting together an exceptional conference by assembling the IRS, Department of Revenue and the Tax Board in one gathering.

Mr. McMillen asked that the Board and guests recognize and express appreciation for two board members Jess Guterrez and Kinsey Miller for their time and effort with the Tax Board.

Chair Lovato invited Board members to identify themselves and name their committee assignments.

Joe Lovato, Board Chair, Scio, Oregon, EA, LTC serves on the Education and Administration Committee

Nutan Arora, Vice Chair, Portland EA, LTC serves on the Education and Administration Committee

Susan Gallagher-Smith, Eugene EA, LTC serves on the Compliance Committee

Michael Addington, Bend EA, LTC serves on the Compliance Committee

Dorothy Hudson, Klamath Falls EA, LTC serves on the Compliance Committee

Jan Salisbury, previous Board Chair, Gladstone EA, LTC serves as the IRS Liaison Representative

11. Adjournment

The meeting adjourned at 12:32 p.m. The next meeting is scheduled November 6, 2014 at the board office in Salem, Oregon.