

Oregon State Board of Tax Practitioners

Board Meeting Minutes

Date: September 23, 2010

Time: 9:16 a.m. – 4:10 p.m.

Location: ODOT HR Center, Salem, Oregon

Attendees:	Dorothy Hudson (Board Chair)	Guests:	Inna Tobys	Tom Giebeler
	Jess Gutierrez (Vice-Chair)		Dale Marino	Beverley Diercks
	Alan Twombly		Kim Allen	Tricia Thompson
	Janis Salisbury		Debera Sabin	Maria Denham
	Margaret Atchison		John Robideau	Nguyet Nguyen
	Dea Williams		Sharon Bush	Jeanie Woodward
Staff:	Ron Wagner, Executive Director	Ronald Ketchum	Nancy Hubbard	John Bell
	Monica J. Walker, Compliance/Investigator	Leina McDonald	John Bell	Brian Bauske
	Jane Billings, Exam & Education Coordinator	Lucille Fursell	Brian Bauske	Nancy Corr
	Jane Billings, Exam & Education Coordinator	Floyd Rheinholdt	Nancy Corr	Judith Wilkins
	Marika Dwyer, Licensing Specialist	Linda Thomas	Judith Wilkins	

ITEM		ACTION / DISCUSSION	
Hudson called the meeting to order at 9:16 a.m.			
Roll called	Board members present: Twombly, Gutierrez, Salisbury, Atchison, Williams, and Hudson. Absent: Ellsworth.		
Approval of meeting minutes	<p>The meeting minutes for July 29, 2010, were previously e-mailed to Board members for review. There were no recommended changes.</p> <p>Motion: Gutierrez made a motion to accept the July 29, 2010, Board meeting minutes as presented. Motion passed. Ayes: Twombly, Hudson, Atchison, Williams, Salisbury, and Gutierrez.</p> <p>Board meeting minutes are located on the Tax Board Web site at: http://www.oregon.gov/OBTP/meeting_minutes.shtml</p>		
Administration Report			
Budget reported by Ron Wagner	<p>The projected revenue for the biennium to date, July 1, 2009 through August 31, 2010, is \$610,200. The actual revenue to date is \$646,196. Our actual revenue to date exceeds the projected revenue by \$35,996.</p> <p>The projected expenses for the biennium to date, July 1, 2009 through August 31, 2010, are \$600,000. The actual expenses to date are \$636,504. Our actual expenses to date exceed the projected expenses by \$36,504.</p> <p>We expected to exceed our projected expenses due to having hired temporary workers in the first half of the biennium to help with the office workload, to help increase the Board's exposure through increased media spots, and to create a communication plan. These expenses will not be duplicated in the second half of the biennium.</p>		

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	<p>Wagner explained how the budget was decided in advance in a two-year biennial cycle, and that when the “snapshot” of our expenses was taken about two years ago, the salary steps were different from what he actually hired. This threw the budget for personal services off a bit, leaving expenses over the allotted amount. This does not mean that the Board lacks sufficient revenue, but that the correct allotment has not been approved by the Legislature. Wagner will go to the Emergency-Board in December to request permission to spend more money to cover this. He is optimistic because our ending balance and revenues are sufficient, the request is a small amount, and our Board is not a general fund agency. The temporary services costs for Mehta and Coleman, as well as the Assistant Attorney General (AG) costs incurred due to the high profile Carol Jones case, will not be repeated. If the Board’s allotment is not increased, there is little else to cut – other than staff work hours.</p>
Legislative Concept	<p>The previously submitted legislative concept was to increase the Board’s jurisdiction in the interest of the consumer to include preparation of S-Corps, C-Corps, partnerships, trusts and estates. It was decided to pull this concept in light of the impact of the many unknowns of the federal licensing program. The period for submitting a new bill has ended, but the Board can “gut and stuff” amendments to our Oregon statutes affected by rule changes to the existing bill. Wagner expects that this minor housekeeping will go through without problems.</p>
Technology Issues	<p>Wagner explained that staff has been having trouble with computers, phones and the fax. At no additional cost, the office is now on its third fax machine. A converter box was removed, and an analog line was installed to work directly with the latest machine. The problems seem to be intermittent. There were also problems with the firewall. A static IP address has been assigned so that the Licensee Look-up Tool for the Web can be updated better. The licensee database has been moved from Dwyer’s computer to a dedicated server at the vacant work station.</p>
Public Comment	
John F. Robideau	<p>Robideau commented on Case #419, and advocated for his firm, A Better Tax Service, Inc.</p>
Licensing Report	
Reported by Marika Dwyer	<p>Dwyer provided a handout to illustrate the trend in licensing with a comparison report including last year’s and current statistics. The numbers noted for licensed preparers are almost doubled as renewals are being processed. There has been an increase in inactive and retired preparers. Overall the numbers are pretty close to last year’s stats.</p>
Exam and Education Report	
Reported by Jane Billings	<p>Billings provided the Board with the exam reports for July and August. Percentages are comparable to the last couple of months. The CE Audit for consultants has been sent out on September 15, 2010. Twombly felt it would be helpful to include the previous year’s stats in the year to date totals since many exams are taken during that time.</p> <p>Test takers for the preparer exam came in August 19, 2010. Billings thanked Zogelman, Moore, Montgomery and the Gilmours for volunteering and all passing.</p>

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	<p>A new edition of the General Information Booklet has been released.</p> <p>Some college sites are limiting services; therefore PCC Rock Creek will no longer be a proctor site. Heald College will only be offering the exam once a month. Billings has been trying to recruit additional proctor sites. Options, such as allowing tax schools to become proctor sites, were considered. This may pose a risk by compromising the Board exams. Walker suggested the possibility of using testing companies. Billings will research this and report the feasibility of doing this before the next Board meeting.</p>
Administrative Rules	
Reported by Billings	Volunteers for the Rules Advisory Committee are being recruited for the October 14, 2010 meeting.
Board Meeting Break 10:20 a.m.-10:37 a.m.	
Administrative Rules (continued)	
Reported by Jane Billings	<p>Board members were provided a packet of proposed rule changes, including specific additions or modifications recommended by staff and the Exam & Education and Administration Committees over the past year.</p> <ol style="list-style-type: none"> 1) Requiring a PTIN number for all applicants for licensure 2) Housekeeping change related to statute reference 3) Housekeeping change related to statute reference 4) Eliminating the initial preparer license fee, only charge a processing fee 5) Replace “professional tax services” with “professional income tax services” 6) Replace “tax business” with “tax preparation business” 7) Add dollar amount to penalty matrix 8) Increase work hours to qualify to take consultant exam from 780 to 1100 (affecting volunteer hours as well) 9) Fee rules for the processing and duplicate fee for business registration 10) Add clarification on who signs the return 11) Clarify that no shows and examinees who do not pass can’t get a refund 12) Eliminate pre-approval of all self study education 13) Add reference to 15-business-day rule for notification of RC/DC changes 14) Outline areas to include in advertising 15) Require personal business cards include Board information 16) Require identifying house number information for tax businesses 17) Change language to protect Board members who stop by and visit businesses <p>The changes will be reviewed by the AG. The forms used were adapted from the Oregon Department of Revenue.</p>
Pilot Project Reported by Teresa Pullen Oregon Department of Revenue (DOR)	<p>Pullen made her business cards and brochures for the Compliance Project available for licensees and Board members. She shared how the Project involved the Construction Contractors Board, the Mortuary and Cemetery Board, and the Board of Tax Practitioners.</p> <p>The Mortuary and Cemetery Board (pre-need sales – 267 licensees) had 41 people</p>

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	<p>who were noncompliant.</p> <p>The entire population (4,598 licenses) for tax practitioners was reviewed for having filed consecutive tax returns for 2006, 2007, and 2008. The Board of Tax Practitioners (tax consultants – 2069 licensees) had 79 people who were noncompliant, and (tax preparers – 2529 licensees) had 129 people who were noncompliant. Pullen shared that the tax practitioner licensees have been the most cooperative and respectful in the exchanges of information.</p> <p>The Construction Contractors Board (limited residential and construction licensees– 1279) had an 86.47% compliance rate.</p> <p>The Project was expanded to three other interested boards, Landscape Contractors Board, Engineering and Land Surveying Board, and the State Board of Nursing to exchange information.</p> <p>Pullen explained that DOR is undergoing a budget crisis, and has planned to close all ten field offices and make several cuts. Feedback is encouraged by filling out their Compliance Pilot Project survey at: http://www.surveyracker.net/scripts/survey.dll?AHID=04W00H</p> <p>All will have access to a full report issued to the Legislature in January.</p>
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Lunch 11:35 a.m. - Licensee Luncheon

Executive Session
To discuss information exempt from public disclosure under ORS 673.730(3). Pursuant to 192.660(2)(f). This Executive Session is closed to members of the public.

Executive Session 2:00 p.m. - 3:25 p.m.

Hudson reconvened the Board meeting at 3:34 p.m.

Compliance Report

<p>Reported by Monica J. Walker</p>	<p>Walker reported on 2 cases during Executive Session. There was one new complaint open, four were pending investigation, two cases needed Board action, and four cases were mediated.</p> <p>The Board sent a Notice of Intent to Etukson Financial Center, Inc. for failing to provide a licensed tax consultant in residence at each principle branch office for at least 50% of the time that the office was open to the public. The case was paid in full.</p> <p>The Board sent a Notice of Intent to QuickTime Taxes, LLC for failing to register the tax preparation business, and the fine has been paid in full.</p> <p>The Board sent a Notice of Intent to Kenneth Cuyler for failing to register a tax preparation branch office and allowing a first year tax preparer to operate without being supervised. Monthly payments are being made to pay off his \$600 fine.</p> <p>There were some licensees who were out of compliance with the Oregon Department of Revenue that were inadvertently issued a license. They were sent a letter stating that their license would be suspended if they did not come into compliance. Walker asked the Board to allow Wagner to sign the Notices of Intent to suspend or refuse to renew in cases where the thirty days passes with no response, that way they will not</p>
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	<p>have to wait for the next Board meeting.</p> <p>Walker asked the Board to think about the possibility of offering a mobile registration as there is a need within the industry.</p> <p>The DOR tax practitioner meetings covered IRS calendars for 2011, how Form W-5 is no longer in circulation, iWire information, and how to tell if someone is an independent contractor or an employee.</p> <p>Leadership Oregon’s August theme was “Stories of Leadership.” Walker was able to speak with alumni of the Leadership Oregon program, and share experiences. September’s theme focused on media. Walker had the opportunity to do an on-camera interview, and answer on-the-spot questions.</p>
Settlement Agreements & Stipulated Final Orders	
John F. Robideau, Milwaukie, OR	<p>Motion: Salisbury moved that the Board enter into a Settlement Agreement and Stipulated Final Order with John F. Robideau of Milwaukie, Oregon, to assess a civil penalty in the amount of \$3,250 and retract the Board’s intent to revoke consultant license #5383-C for repeated violations of the provisions of Oregon Revised Statutes 673.605 through 673.740 and the Oregon Administrative Rules adopted thereunder pursuant to 673.700(1)(7) and 673.735(1). Motion passed. Ayes: Atchison, Twombly, Hudson, Gutierrez, Williams, and Salisbury.</p>
Daniel P. Lupei, Portland, OR	<p>Motion: Salisbury moved that the Board enter into a Settlement Agreement and Stipulated Final Order with Daniel P. Lupei of Portland, Oregon, to assess a civil penalty in the amount of \$500 and retract the Board’s intent to revoke preparer license #69991-P for repeated violations of the provisions of Oregon Revised Statutes 673.605 through 673.740 and the Oregon Administrative Rules adopted thereunder pursuant to 673.700(1)(7) & 673.735(1). Motion passed. Ayes: Twombly, Atchison, Gutierrez, Williams, Hudson, and Salisbury.</p>
Other Business	
Signature Authority	<p>Motion: Salisbury moved that the authority to write and sign Notices of Intent of License Suspension or Refuse to Renew be delegated to the Board’s Executive Director for cases in which the Board of Tax Practitioners has been formally notified by the Oregon Department of Revenue that the licensee is not in tax compliance per House Bill 3082; pursuant to OAR 800-010-0025(9). Motion passed. Ayes: Gutierrez, Williams, Twombly, Atchison, Salisbury, and Hudson.</p>
Public Comment	
John S. Bell	Resubmit SB 172 for 2011 Session for the Tax Board to include covering business returns, 1065, 1120, 1120S, and 1041, under their control for preparation of these returns.
John S. Bell	Education CPE – New IRS education requirements – a biography for the instructor is required, and they must submit an outline of the seminar for enrolled agents before the seminar can be listed as approved.
Other Business	

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Newsletter	The next newsletter will be published on November 15, 2010, with articles due to Dwyer by October 31, 2010.
Biographies	Dwyer has asked that Board members look over their online bios and make corrections and changes as needed.
OBTP Logo	Hudson passed around some example logos. Wagner said that they could be e-mailed and the top three would be voted on.
E-mail Change	Salisbury prefers to receive e-mails at her home address.
Adjournment	
Hudson adjourned the Board meeting at 4:10 p.m.	

Next meeting:

November 4, 2010

Morrow Crane Building, Salem, Oregon