



Oregon Board of Tax Practitioners

Public Board Meeting Minutes

July 10, 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:

Joe Lovato, LTC, Chair
Nutan Arora, LTC, Vice-Chair
Susan Gallagher-Smith, LTC, *arrived at 9:30 a.m.*
Dorothy Hudson, LTC
Janis Salisbury, LTC

Excused:

Michael Addington, LTC
Kinsey Miller, Public Member

Board Staff:

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

Guests:

Beverley Diercks, LTC, OATC
Dale Marino, LTC, ORSEA
Linda Thomas, LTC
Randy Shimek, LTP, H & R Block

1. CALL TO ORDER

Chair Lovato called the public session to order at 9:18 a.m. Roll call was completed.

2. Amendments to proposed agenda

Ms. Salisbury requested that an update for Washington, DC information be added to the agenda.

3. Executive Session

Chair Lovato closed the public session at 9:22 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 at 9:28 a.m.

4. Public Session

Chair Lovato swore Ms. Susan Gallagher-Smith, LTC, EA in as an official member of the Oregon Board of Tax Practitioners. Ms. Gallagher-Smith term is April 1, 2014 to March 31, 2017. Ms. Gallagher-Smith practices in Eugene, Oregon.

5. Executive Session

Chair Lovato closed the public session at 9:31 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 11:00 a.m.

6. Public Session**a. Approval of Board Minutes****i. May 8, 2014**

BOARD ACTION: Minutes are approved as printed.

VOTE: 5 ayes; 2 excused (Addington, Miller)

7. Compliance Report

Mr. McMillen reported that the all settlement agreements from May 2014 had been drafted, mailed to the individuals and received back in the Board office. All cases that had requested an administrative hearing were settled.

Mr. McMillen reported that Ms. Monica Walker accepted a position as the Operation Manager, Private Security/Private Investigator Licensing Program with Oregon Department of Public Safety Standards and Training. Ms. Walker's last day with the Board was June 5, 2014.

8. Administration Report**a. Budget Update**

Mr. McMillen is assembling the Agency Request Budget for submission on or before August 1, 2014. At this time, it appears that the budget will be assembled based on the current Board budget.

Mr. McMillen provided the Board members with a summary of revenue and expenses. The summary indicates that the Board is operating under a lower budget based on the temporary fee reduction. The Board is currently operating in the black on spending partially based on the lapse of time from the Senior Compliance Specialist/Investigator leaving the agency and hiring the replacement. It is also expected that the new employee will be in a lower bracket of the salary range.

b. Office Update

Mr. McMillen provided an update on the database conversion. NIC has proposed the ability to update the system. Mr. McMillen is investigating if the Board is required to use DAS Procurement to obtain a vendor to assist with the data conversion.

Mr. McMillen reported that the Board is currently recruiting for the Compliance Specialist position. The deadline to submit an application was Monday, July 7, 2014. The Board received 18 application. Interviews are tentatively scheduled for the week of July 14, 2014.

Mr. McMillen reported that Board staff continue to assemble proposed administrative rule clarifications and additions. The rules advisory committee will meet on August 27, 2014. Any proposed changes will be presented to the Board at the September 25, 2014 Board meeting.

Mr. McMillen attended and presented Board of Tax information at two recent association meetings. The presentation were held in Newport and Pendleton. The current Board information shared at these presentation needs to be revised and modernized.

Mr. McMillen reviewed his first year with the Board and the support received from the employees.

9. Public Comment

Mr. Dale Marino requested time to speak about volunteer tax preparers. Mr. Marino provided each Board member with a copy of CASH-OR Annual Report. Based on the information provided in the report, Mr. Marino feels the Board should investigate if the volunteers are receiving compensation. If the Board determines compensation is being received, the volunteers would be in direct violation of Board statutes and administrative rules. Mr. Marino would like the legislature to expand the scope of the Board to include required licensure for volunteer tax preparers.

10. Licensing Report

Board members were provided the licensee statistics for June 2014.

11. Exam and Education Report

a. Examination Update

The 2014 year to date examination reports were presented to the members by month. The current year to date pass percentage for the preparer's exam is 38%, the consultant's exam is 20% and the consultant state only is 53%.

Ms. Billings is in the process of revising and renewing the proctor site inter-agency agreements.

Ms. Billings is in the process of reviewing and renewing the 80-Hour Basic Tax Course sponsor applications.

Ms. Billings sent an email to all licensee's requesting volunteers for the Rule Advisory Committee. The Board has received an overwhelming response to the request.

Ms. Billings mailed 180 Continuing Education audit notification letters to consultants. The Board discussed the possibility of requiring any late renewal to include the proof of completion certificate for the continuing education claimed on the reactivation application. AAG Gablicks advised that this would not have to be a rule change but rather a Board policy change.

b. P-IWC Update

Ms. Billings reported that volunteers has been in the Board office on June 4 and 5, 2014 reviewing, updating and writing new questions for the Preparer Exam. There were a number of first time volunteers who appeared to have enjoyed the experience.

c. Consultant Test Takers Update

Ms. Barb Jenkins, Board Exam Consultant, assembled the questions for the four (4) versions of the consultant exam on May 27 and 28, 2014. Volunteer consultants took the revised tests on June 13, 2014. Each test taker spoke with Ms. Jenkins after completing the test to discuss any questions or concerns regarding that particular version of the exam. The 2013 Consultant exams will be released on August 1, 2014.

d. Board Work Session Update

Ms. Billings reported that on July 8 and 9, 2014 the Board held a work session in which a few volunteers attended and reviewed the work of the item writing committee with the Board. Volunteers from the committee present to assist the Board with any questions were Adamellia Lugo, LTP, Patti King, LTC, Justin Bolen, LTP, and Glenn Branfield, LTC. The Board approved 34 of the new questions written by volunteers of the P-WIC along with writing 17 new additional questions. The Board reviewed the exam reference sheet and no changes were made to the subject

categories. The Board reviewed the source documents allowed for the open-book Preparer exam and no changes were made to the current list of source documents.

e. Maryland State Board of Individual Tax Preparers

Douglas Blackstone, Executive Director, of the Maryland State Board of Individual Tax Preparers contacted Ms. Billings requesting information regarding Oregon's exam. Maryland requires an individual to qualify and register before offering services as an individual tax preparer. Maryland is looking for an alternative to the RTRP exam and anticipate implementing a state exam by September/October 2014. Ms. Billings provided 2009 versions of the Preparer and Consultant exams.

f. License Application Extension

Kathleen Fettic took and passed the preparer exam on December 10, 2012. Ms. Fettic originally applied for initial license within the 60-day time limit. Ms. Fettic had complications obtaining her PTIN through IRS. The Board closed the application after the 60-day time limit to apply for licensure expired. Ms. Fettic recently applied for an initial preparer's license based on passing the tax preparer exam on December 10, 2012.

Board discussion: The Board does not want to set precedent by allowing a waiver to the 60-day requirement for licensure after passing the exam. The tax law changes annually and if an individual is not keeping current, there could be harm to the public by allowing licensure. All applicants must meet the general licensing requirement when the application for licensure is made to the Board.

Board Action: Moved by Hudson and carried that the Board deny the request to allow an extension of time for license application.

Board Vote: 5 ayes, 2 excused (Addington, Miller)

g. Waiver request for OAR 800-025-0050

Ms. Billings presented the Board with a request from a license tax consultant who has hired a 1st year tax preparer who does not have the required 240 hours and one year's tax return preparation experience to be allowed in the office working on tax preparation while the license tax consultant works from home or at the clients office.

The Board sympathetic to the situation for the license tax consultant but is unwilling to begin setting precedent by allowing waivers to this particular rule. Many new tax preparers are faced with this dilemma the first year of licensure and typically work for more than one employer to ensure the 240 hour experience requirement can be fulfilled. If the license tax consultant wants to leave the individual alone in the office, the tax preparer must only perform the duties allowed as a non-licensee.

12. Waiver Requests

None

13. Public Comment

None

14. Other Business

a. Tax Board Bulletin Newsletter Assignments

The Board members volunteered for the following:

Nutan:	Education
Hudson:	Compliance
Salisbury:	Past chair and Senate testimony
Lovato:	Chair message
Addington:	Experience requirements for different licenses

b. Washington DC Update

Ms. Salisbury provided information regarding the federal licensing law through the Senate Finance Committee. The committee had planned to tag onto a transportation bill that would have added the wording to give the IRS the authority to license tax preparers except for those in a state that registers tax preparers would not be required to register with IRS. Ms. Salisbury had conversation with an individual in Washington, DC requesting an update and was told that everything was conceptual, not there yet. Salisbury asked if letters should be sent and was told not yet but that she would be notified when it was the appropriate time. Ms. Salisbury will keep the Board informed on additional information as she receives it.

John Ames, NASA, was in Portland, Oregon recently. Ms. Salisbury, Mr. Addington and Mr. McMillen met Mr. Ames for dinner. Mr. Ames reminded everyone that this is an election year and that the finance committee is working to get as much completed as possible in case the majority of the political party changes parties. Ms. Salisbury is not sure that the majority of the nation is in favor of the IRS being responsible for the national licensing. There has also been discussion about possibly putting this type of bill through the House of Representatives and connecting it with the Consumer Protection

Agency. Mr. Ames mentioned that he would be speaking with individuals in other states to determine if there would be support for the states to work together to encourage congress to pass national licensing of tax preparers. The Board has not received any additional information from Mr. Ames.

The Board was presented with information regarding the current IRS volunteer registration program. This program is basically the same program as the RTPR program that was challenged through the judicial system.

13. Adjournment

The meeting adjourned at 12:22 p.m. The next meeting is scheduled September 25, 2014 in Medford, Oregon.