



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

Board Members:

Nutan Arora, LTC, Chair
Susan Gallagher-Smith, LTC, Vice-Chair
Michael Addington, LTC
JoAnne Vetter, LTC

Board Staff:

Howard Moyes, Executive Director
Heather Shepherd, Compliance Specialist

Guests: Attendees at the Oregon Society of Tax Consultants' Annual Conference – Taprock Event Center, Grants Pass, Oregon

1. Call to Order

Chair Arora called the public session to order at 8:05 a.m. Roll call was completed.

The Board meeting was held in conjunction with the Oregon Society of Tax Consultants' (OSTC) annual conference at the Taprock Event Center in Grants Pass, Oregon. Approximately 170 members and guests of OSTC were in attendance during the two-hour Board meeting.

2. Continuing Education

Michael Addington discussed the need for licensees to complete at least 30 hours of continuing education (CE) each year, two hours of which must be in ethics or professional conduct. Mr. Addington also discussed the Board's audit of CE hours and penalties licensees may be subject to if they do not complete their CE requirements.

A member of the audience asked how it was possible for a licensee not to have the required 30 hours of continuing education when all licensees must attest to having completed the requirement when they renew their license.

Mr. Addington's response was that the Board does not require licensees to submit copies of CE certificates when they renew their license. Instead, licensees sign a statement on the license renewal application attesting to having met the requirement. This procedure reduces the burden on licensees and staff.

Board staff conduct a random audit of roughly 10 percent of licensees each year to verify CE requirements are met. Mr. Addington commented that, even as a Board member, he was audited the past two years.

Another member of the audience asked what consequences licensees face if they do not complete the CE requirements and/or falsified information on their license renewal application.

Mr. Addington responded that licensees are given due process and the Board's actions are dependent on the circumstances of each case. Generally, licensees are given 30 days either to complete any missing CE hours or provide documentation of already-completed courses. The penalty for noncompliance may include, but not be limited to, a \$1,000 fine and suspension or revocation of a consultant or preparer license.

A follow-up question from the audience asked if the Board would audit a licensee's CE hours in the upcoming years if the licensee did not pass the audit in the current year. Mr. Addington said the Board would consider it.

Another audience member asked why the Board required 30 hours of CE each year when other professions have less rigorous standards. Vice-Chair Gallagher-Smith pointed out that the tax laws are very complex and they change every year. She also noted that Oregon has set the bar for excellence in requiring 30 hours of CE, and that she would not be in favor of reducing that requirement. Mr. Addington pointed out that licensees have many opportunities to obtain CE hours at minimal or no cost, such as attending association meetings or completing courses offered online.

Mr. Addington concluded his discussion by providing names of the 10 licensees (7 preparers and 3 consultants) who did not pass the CE audit in 2014: Anaya-Cruz, Blome, Caton, Doan, Francisco, Keener, Kottke, Lardinois, Trinh-Dihn and Vasquez

3. Approval of Minutes

Mr. Addington pointed out an error in the May 2015 draft minutes regarding Item 15 – Board Newsletter Assignments.

Mr. Addington made a motion to accept the May 2015 Minutes as revised. **Motion passed 4 out of 4.**

Mr. Addington made a motion to approve the July 2015 Minutes as presented. **Motion passed 4 out of 4.**

Mr. Addington made a motion to accept the August 14 Instructor Workshop Minutes as presented. **Motion passed 4 out of 4.**

4. Administration Update

Mr. Moyes provided a status report on the Board's expenses for the first month (July) of the 2015-2017 biennium. July 2015 expenses were approximately \$43,000. Average monthly expenses for the previous biennium were \$45,000.

A member of the audience asked for additional detail on the Board's monthly expenses. Mr. Moyes stated that personnel costs comprise roughly one-half of the monthly expenses, with the remaining half covering all other costs such as rent, legal fees, Department of Administrative Services service charges, proctor site payments, and office supplies.

Another member of the audience asked about the Board's revenues from licensing fees. Mr. Addington commented that licensing fee revenues have been on the decline for the past five years. This is due primarily to a 20 percent reduction in the number of licensees over that time period, as well as a \$10 reduction in license renewal fees that took effect in 2014.

5. Licensing Update

Mr. Moyes provided an update on the number of active licensees and businesses. As of August 2015, there were 1,760 Licensed Tax Consultants (94 less than August 2014); 1,882 Licensed Tax Preparers (14 less than August 2014); 203 registered businesses (29 less than August 2014); and 1,046 registered branch offices (54 less than August 2014).

6. Exam & Education Update

Mr. Moyes provided data on the pass rates for the preparer exam, consultant exam, and consultant state-only exam. From January 2015 through August 2015, the pass rate for the preparer examination was 36 percent; the pass rate for the consultant exam was 18 percent; and the pass rate for the consultant state-only exam was 66 percent.

Mr. Moyes pointed out that the new preparer exam, which was reduced from 200 questions to 163, was deployed on September 1. Therefore, there wasn't any data available yet regarding the pass rate on the shorter exam.

A member of the audience asked why the Board "dumbed-down" the preparer exam in an effort to increase the pass rate. Chair Arora commented that the preparer exam was scrutinized by the Board and the Board identified several questions that were too advanced for an entry-level preparer, such as the sale of business assets or installment sales. Those were the types of questions that were removed from the preparer exam.

Mr. Moyes then presented the Board with a request from Michele Allen, EA, to have her experience working in a call center for Intuit qualify for work experience

preparing tax returns, which would enable her to take the state-only consultant's exam. The Board decided to table the issue and ask staff to obtain additional information from Ms. Allen regarding her specific job duties.

7. Compliance Report

Ms. Shepherd presented the Board with a Proposed Settlement Agreement for Debra Crisp, Case # 525.

Mr. Addington made a motion that the Board enter into a Settlement Agreement and Stipulated Final Order with Debra Crisp of Sierra Vista, Arizona to assess civil penalties in the amount of \$350 pursuant to ORS 673.700(1)(7) and 673.735(1) for:

One violation of ORS 673.643(1)(a) and OAR 800-025-0020(1), for failing to register a personal income tax preparation business at \$100; and One violation of OAR 800-010-0060(6) & (7) for business and individual advertising without including the required Board-issued business registration number of the firm, the license number of the firm's Designated Licensed Tax Consultant, or the licensee's Board-issued number of the firm's Designated Licensed Tax Consultant, or the licensee's Board-issued practitioner license number at \$100; and \$150 for costs associated with the action taken by the Board in this case, including attorney's fees pursuant to ORS 673.730(8).

Motion passed 4 out of 4.

Ms. Shepherd provided information to the Board regarding a previous Motion regarding Horalia Anaya-Cruz, Case # 498, and the need to revise the Motion to cite the correct Oregon Revised Statutes and Oregon Administrative Rules.

Mr. Addington made a motion that the Board issue an Amended Notice of Intent to Revoke License and Right to Request Hearing (Civil Penalties) for the Preparer License of Horalia Anaya-Cruz (License #31533-P) for violating the provisions of Oregon Revised Statutes 673.655, 673.700(6) and 673.705(1), and Oregon Administrative Rules 800-015-0010, 800-015-0015, 800-010-0025(7) and 800-010-0042 as follows:

One violation of ORS 673.655 and OAR 800-015-0010 and OAR 800-015-0015 for failing to comply with continuing education requirements at \$ 300; and One violation of ORS 673.705(1) and OAR 800-010-0025(7), ORS 673.700(6) and OAR 800-015-0015(6) for obtaining a tax preparer license by fraudulent means at \$500; and One violation of ORS 673.700(6) and OAR 800-010-0042 for failing to respond to the Board's February 28, 2014 continuing education audit letter at \$100.

Motion passed 4 out of 4.

Designated/Resident Consultant Waiver Request

Ms. Shepherd presented a request form Catherine Condon, LTC, to the Board seeking a waiver of the designated/resident consultant for Becon Bookkeeping and Tax Solutions and Tax & Financial Assoc. Ms. Condon asked to be the DC/RC for both businesses, which will be located in the same office space from October 1, 2015 through September 31, 2016. Ms. Condon is the owner of Becon Bookkeeping and Tax Solutions. Tax & Financial Assoc is owned by David Espinosa, LTP. Mr. Espinosa is enrolled in a tax consultant review course and plans to sit for the LTC exam in January 2016.

Mr. Addington commented that he was uncomfortable allowing a DC/RC waiver through September 31, 2016.

Ms. Gallagher-Smith made a motion to accept Ms. Condon's DC/RC waiver for October 1, 2015 through April 30, 2016.

Motion passed 4 out of 4.

8. Continuing Education Waiver Request

Mr. Moyes presented a request from Julie Welton, LTP, to the Board seeking a waiver of the continuing education requirement for her 2015 license renewal. Mr. Moyes stated that Ms. Welton has been a licensee in good standing for many years and this was her first request for a waiver.

Mr. Addington made a motion to grant Ms. Welton an extension until December 31, 2015 to obtain her 30 hours of continuing education.

Motion passed 4 out of 4.

9. Rule Development Workshop Update

Ms. Gallagher-Smith thanked the volunteers that participated in the Rules Advisory Committee on August 19, 2015 at the Board office in Salem. The volunteers brought unique perspectives on the current rules and offered many suggestions to clarify the rules for practitioners in Oregon. The Board will review and discuss the suggested changes at the November 5, 2015 Board meeting. Licensees were encouraged to check the Board's website following the November meeting for the latest rule drafts.

10. Adjournment

With no other public comments or agenda items, Chair Arora adjourned the September 19, 2015 Board meeting at 9:59 a.m.