

## Oregon Board of Tax Practitioners

	2015-17 Actual	2017-19 Legislatively Adopted	2017-19 Legislatively Approved *	2019-21 Current Service Level	2019-21 Governor's Budget
Other Funds	1,106,913	1,042,020	1,042,020	1,104,037	1,030,058
<b>Total Funds</b>	<b>1,106,913</b>	<b>1,042,020</b>	<b>1,042,020</b>	<b>1,104,037</b>	<b>1,030,058</b>
Positions	4	3	3	3	3
FTE	4.00	2.50	2.50	2.50	2.50

\* Includes Emergency Board and administrative actions through December 2018.

### Program Description

The Board of Tax Practitioners (OBTP) protects consumers by ensuring Oregon tax practitioners are competent and ethical in their professional activities. The Board licenses and oversees tax preparers, tax consultants, and tax businesses. The Board develops initial competency examinations and monitors required continuing education programs for tax preparers, as well as investigates complaints and takes disciplinary action when appropriate. The seven-member board is appointed by the Governor and is composed of six licensed tax consultants and one public member.

### CSL Summary and Issues

The 2019-21 CSL is approximately 5% above the agency's projected 2017-19 actual expenditures; based on accounting close as of January, 2019.

### Policy Issues

The OBTP requests the following policy option packages for 2019-21:

- Package 100 - Reduces revenues by \$65,000 Other Funds and makes a corresponding reduction to expenditures of \$65,000 in Professional Services. This is the result of increasing the Tax Preparer exam fee from \$50 to \$60, and decreasing the Tax Consultant exam fee from \$85 to \$60; and requiring licensees to pay proctoring fees directly to the contracted proctor. This practice effectively moves these proctoring fees and revenues off-book. Alternative adjustments will need to be made if the Legislature determines that the proctoring fees should be accounted for through state accounting methods (see below).

### Other Significant Issues and Background

In 2018 OBTP outsourced licensing exam administration to a company called PSI in order to reduce administrative tasks for the Board and provide the exams in Spanish. As part of the contract with PSI, the Board changed their fee structure. Those who would like to take the exam to become an Licensed Tax Preparer (LTP) or Licensed Tax Consultant (LTC) must first pay an application fee of \$60 to the Board. The Board will then review the applicant's credentials and if the applicant meets the qualifications to take the exam, they will be directed to PSI to

register for the exam. The applicant then pays PSI a proctoring fee of \$50 for tax preparers and \$85 for tax consultants. These changes to fees were approved administratively but will need to be ratified by the Legislature to continue this practice beyond the 2017-19 biennium and are included in Policy Package 100.

Under previous practice, universities and community colleges served as proctor sites for the Board's licensing exams. Proctor fees were paid to the Board by the examinee and the proctor sites invoiced the Board for payment of the proctoring fees after examinees completed the exam. Under contract with PSI, proctor fees are paid directly to PSI and are not accounted for by the Board.

LFO staff have expressed concerns with the manner in which DAS is recommending agencies implement the financial portion of the PSI contract; as the practice of requiring licensees to pay the company directly, removes the revenues and expenses from state accounting and effectively eliminates Legislative oversight over the fees. Several other state agencies have implemented a PSI contract, which moves revenues and expense off-book; including the Oregon Real Estate Agency, Construction Contractors Board, and the Department of Consumer and Business Services. This practice of moving finances off-book, while saving staff accounting time, raises concerns of (1.) oversight over fee amounts, (2.) to what end could this practice be used, (3.) ethical concerns with permitting a sole third-party contractor to charge a fee which, in the case of some agencies, was never ratified by the legislature; OBTP does have a fee bill (HB 5037) which will identify the proctoring fees as separate and distinct from the exam application fee.