

Legislative Fiscal Office

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Joint Committee on Ways and Means

Sen. Betsy Johnson, Senate Co-Chair
Sen. Elizabeth Steiner Hayward, Senate Co-Chair
Rep. Dan Rayfield, House Co-Chair

Sen. Jackie Winters, Senate Co-Vice Chair
Rep. David Gomberg, House Co-Vice Chair
Rep. Greg Smith, House Co-Vice Chair

To: General Government Subcommittee
From: Krista Dauenhauer, Legislative Fiscal Office
Date: March 13, 2019
Subject: HB 5036 – Board of Tax Practitioners
Work Session Recommendations

Board of Tax Practitioners – Agency Totals

	2015-17 Actual	2017-19 Legislatively Approved	2019-21 Current Service Level	2019-21 LFO Recommended
Other Funds	1,080,661	1,040,068	1,104,037	1,104,037
Total Funds	\$1,080,661	\$1,040,068	\$1,104,037	\$1,104,037
Positions	4	3	3	3
FTE	4.00	2.50	2.50	2.50

This budget retains pass-through revenues and expenditures associated with licensing exam proctoring fees. The projected ending balance is \$220,929 Other Funds (OF) and is equivalent to 5 months of operating expenditures. This budget represents a (6.0%) percent increase from the 2017-19 Legislatively Approved Budget (LAB) and a 0.0% change from the 2019-21 Adjusted Current Service Level (CSL).

Adjustments to Current Service Level

See attached “Work Session Presentation Report.”

Note: Statewide adjustments and six-year capital construction expenditures are not included in these recommendations. Any needed adjustments will be made in end of session bills.

Accept LFO Recommendation:

MOTION: I move the LFO recommendation to HB 5036. (VOTE)

OR

Change LFO Recommendation:

MOTION: I move the LFO recommendation to HB 5036, with modifications. (VOTE)

Performance Measures

See attached “Legislatively Proposed 2019-21 Key Performance Measures.”

Accept LFO Recommendation:

MOTION: I move the LFO recommendation on Key Performance Measures. (VOTE)

OR

Change LFO Recommendation:

MOTION: I move the LFO recommendation on Key Performance Measures, with modifications. (VOTE)

Recommended Changes

LFO recommends a budget of \$1,104,037 Other Funds, and 3 positions (2.50 FTE), which is reflected in the -1 amendment.

MOTION: I move adoption of the -1 amendment to HB 5036. (VOTE)

Final Subcommittee Action

LFO recommends that HB 5036 as amended by the -1 amendment, be moved to the Ways and Means Full Committee.

MOTION: I move HB 5036, as amended, to the Full Committee with a do pass recommendation. (VOTE)

Carriers

Full Committee: _____

House Floor: _____

Senate Floor: _____

	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
2017-19 Agy. Leg. Adopted	-	-	1,042,020	-	-	-	1,042,020	3	2.50
2017-19 Ebds, SS & Admin Act	-	-	-	-	-	-	-	-	-
Ways & Means Actions	-	-	-	-	-	-	-	-	-
2017-19 Leg Approved Budget	-	-	1,042,020	-	-	-	1,042,020	3	2.50
2017-19 Leg Approved Budget (Base)	-	-	1,042,020	-	-	-	1,042,020	3	2.50
Summary of Base Adjustments	-	-	31,969	-	-	-	31,969	-	-
2019-21 Base Budget	-	-	1,073,989	-	-	-	1,073,989	3	2.50
010: Non-PICS Pers Svc/Vacancy Factor	-	-	(6,954)	-	-	-	(6,954)	-	-
030: Inflation & Price List Adjustments	-	-	37,002	-	-	-	37,002	-	-
2019-21 Current Service Level	-	-	1,104,037	-	-	-	1,104,037	3	2.50
Adjusted 2019-21 Current Service Level	-	-	1,104,037	-	-	-	1,104,037	3	2.50
Total LFO Recommended Packages	-	-	-	-	-	-	-	-	-
2019-21 Legislative Actions	-	-	1,104,037	-	-	-	1,104,037	3	2.50
Net change from 2017-19 Leg Approved Budget	-	-	62,017	-	-	-	62,017	-	-
Percent change from 2017-19 Leg Approved Budget	0.0%	0.0%	6.0%	0.0%	0.0%	0.0%	6.0%	0.0%	0.0%
Net change from 2019-21 Adj Current Service Level	-	-	-	-	-	-	-	-	-
Percent change from 2019-21 Adj Current Service Level	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

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2017-19 Agy. Leg. Adopted	-	-	1,042,020	-	-	-	1,042,020	3	2.50
2017-19 Ebds, SS & Admin Act	-	-	-	-	-	-	-	-	-
Ways & Means Actions	-	-	-	-	-	-	-	-	-
2017-19 Leg Approved Budget	-	-	1,042,020	-	-	-	1,042,020	3	2.50
2017-19 Leg Approved Budget (Base)	-	-	1,042,020	-	-	-	1,042,020	3	2.50
Summary of Base Adjustments	-	-	31,969	-	-	-	31,969	-	-
2019-21 Base Budget	-	-	1,073,989	-	-	-	1,073,989	3	2.50
010: Non-PICS Pers Svc/Vacancy Factor	-	-	(6,954)	-	-	-	(6,954)	-	-
030: Inflation & Price List Adjustments	-	-	37,002	-	-	-	37,002	-	-
2019-21 Current Service Level	-	-	1,104,037	-	-	-	1,104,037	3	2.50
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Net change from 2019-21 Adj Current Service Level	-	-	-	-	-	-	-	-	-
Percent change from 2019-21 Adj Current Service Level	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

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Package 100 Licensing Exam Fee Changes

Package Description This package reduces revenues and expenses by \$65,000 Other Funds and effectively changes how fees are charged for tax practitioner licensing exams. Under this fee structure, those who would like to take the exam to become a tax preparer or tax consultant first must 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 testing service PSI to register for the exam. The applicant then pays a fee, \$50 for tax preparers or \$85 for tax consultants, directly to the testing proctor for costs associated with administration of the exam.

LFO Recommendation DENY THE REQUEST. Conducting licensee examinations is core to the mission of the Board. Although the Board has elected to contract with a third-party vendor (PSI) to provide testing services, the underlying authority to conduct examinations and set fees remains with the Board. While PSI will be collecting the fee from applicants for the costs associated with the administration of the exam, the fee collected is still appropriately recognized as revenue by the Board. Accordingly, the associated cost for PSI to provide testing services should be recorded as an expenditure by the Board. The Oregon Accounting Manual (OAM 15.35.00) provides guidance on accounting and financial reporting of revenues and addresses the issue of revenue collected by agents external to the State. Licensees paying a fee to the test proctor directly, does not change the substance of the transaction and these fees and the associated expense should still be included in the Board’s budget and recorded in the accounting system.

LFO Recommended	-	-	-	-	-	-	-	-	-
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Legislatively Proposed 2019 - 2021 Key Performance Measures

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Agency: Tax Practitioners, Board of

Mission Statement:

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

Legislatively Proposed KPMs	Metrics	Agency Request	Last Reported Result	Target 2020	Target 2021
1. Processing license and registration applications - Percent of license and registration applications processed within 3 days of receipt.		Approved	97.10%	90%	90%
2. Processing exam applications - Percent of exam applications processed within 3 days of receipt		Approved	96.60%	90%	90%
3. Continuing Education Compliance - Percent of licensees audited who are in compliance with continuing education requirements		Approved	99.50%	95%	95%
4. Complaint response time - Percent of complaints responded to within 3 days of receipt		Approved	93.20%	90%	90%
5. Customer satisfaction - Percent of students rating satisfaction with basic tax course instructor and course content as good or excellent		Approved	0%	90%	90%
6. Licensed tax preparer exam pass rate - Percent of students who pass the licensed tax preparer exam		Approved	64.80%	75%	75%
7. CUSTOMER SERVICE - Percent of customers rating their satisfaction with the agency's customer service as "good" or "excellent": overall, timeliness, accuracy, helpfulness, expertise, availability of information.	Overall	Approved	95%	95%	95%
	Availability of Information		90%	95%	95%
	Accuracy		95%	95%	95%
	Helpfulness		99%	95%	95%
	Timeliness		98%	95%	95%
	Expertise		85%	95%	95%
8. EFFECTIVE GOVERNANCE - Percent of total best practices by the agency.		Approved	100%	100%	100%

LFO Recommendation:

Increase the target for KPM #3 'Continuing Education Compliance' from 85% to 95%. Historical actuals reported for the last two years average 97.4%

The Legislative Fiscal Office recommends approval of the KPMs with the above mentioned adjustments.

SubCommittee Action: