

## Testimony in Opposition to HB 2338

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Chair Rep. Sosa, Vice-Chairs Rep. Chaichi and Osborne, and Members of the Committee,

"The licensing and registration process is the foundation on which all other [OBTP] processes are built."

This statement, taken directly from the 2025-2027 Governor's Budget, makes it abundantly clear that OBTP prioritizes licensing and revenue generation above all else. Education, consumer protection, and professional development are secondary concerns. This misplaced prioritization is the driving force behind HB 2338.

I appreciate the opportunity to testify in opposition to HB 2338. I am an Enrolled Agent, with a Masters in Taxation, and am also an Oregon Licensed Tax Consultant. I have been in the industry for nearly 10 years and bring the perspective of the newer generation of tax professionals. This bill, presented as a means to create an entry-level tax professional certification, does not improve consumer protection or increase access to tax preparation services. Instead, it imposes unnecessary barriers, increases administrative burdens, and primarily benefits the Oregon Board of Tax Practitioners (OBTP) financially. The arguments in favor of this bill misrepresent both the existing legal framework and the practical realities of tax preparation.

#### 1. HB 2338 is a Solution in Search of a Problem

The core justification for HB 2338 is that it will expand the pipeline of tax professionals in Oregon. However, this problem is largely one of OBTP's own making. Over the past two years, OBTP has **increased its licensee numbers by engaging in unapproved and unconstitutional rule-making**, forcing out-of-state practitioners to obtain Oregon licenses. While this has temporarily bolstered OBTP's figures, it has done so through regulatory overreach, not an organic increase in professionals choosing to enter the industry.

Moreover, proponents of this bill claim it provides a pathway for those who struggle with traditional learning methods. Yet, the CTA program still mandates a 40-hour course and an exam, despite the fact that OBTP has provided no details on education criteria or the projected cost burden of this requirement. The absence of any structured curriculum or cost analysis further reinforces the idea that this program is primarily a revenue-generating mechanism first and foremost rather than a legitimate educational initiative. If a prospective tax professional struggles with book learning, how does requiring more coursework and testing alleviate that? A genuine hands-on training pathway could have been established **without creating an entirely new and unnecessary licensing requirement**.

#### 2. The CTA License Offers No New Functional Capabilities

Reducing unnecessary OBTP regulations on data entry could significantly benefit the profession by allowing tax professionals to serve more clients efficiently. By permitting supervised data entry without requiring a separate license, tax offices could streamline workflows, increasing accessibility and affordability for taxpayers. Even OBTP has acknowledged that technology can be cost-prohibitive, yet instead of offering solutions to support tax professionals, they impose further regulatory barriers.

Instead of limiting access to critical assistance, legislators should encourage the use of staff to provide **mechanical assistance** to help tax professionals better serve Oregonians.

The supposed benefit of the CTA license is that it allows individuals to gain hands-on experience while working under supervision. However, unlike how the bill has been misleadingly proposed, nothing in Oregon law currently prevents tax office employees from performing clerical functions such as answering phones, scheduling appointments, accepting client documents, or sitting in on tax meetings. The only additional function granted to CTAs is the ability to **enter tax data into returns**—a task that the IRS does not even classify as “tax preparation.”

Under federal guidelines, unlicensed staff are already allowed to provide **mechanical assistance** such as **entering data, transferring numbers, and even completing entire tax forms**, so long as they do not offer tax advice or sign the return. Oregon’s relevant regulatory framework, which has remained largely unchanged since 1975, fails to define what “tax preparation” actually entails. However, tax preparation today is vastly different from what it was in 1975. At that time, preparing a return required manual calculations, extensive tax knowledge, and direct engagement with clients. Modern tax preparation, by contrast, is heavily software-driven, allowing even unlicensed individuals to enter data mechanically with minimal risk of error. Instead of updating regulations to reflect these technological advancements, OBTP has interpreted outdated statutes in a way that **unnecessarily restricts even the most basic clerical work**. The IRS has come a long way since 1975, but Oregon’s statutory definitions haven’t. HB 2338 does not address this misalignment; it merely adds another layer of bureaucracy to the problem.

### 3. HB 2338 Does Not Improve Consumer Protection

OBTP claims that licensing CTAs will protect consumers, but this argument falls apart upon closer examination. If entering tax data presents a significant risk, then why are **software programs that perform the same function not regulated?** Is technology somehow suddenly infallible in these isolated incidents? If an individual manually enters W-2 data into a tax return, OBTP requires them to be licensed. But if a scanner or tax software completes the same task, no license is needed. This inconsistency exposes the **true intent** behind the CTA license—not consumer protection, but revenue generation, as OBTP itself has openly stated. The 2025-2027 Governor’s Budget explicitly acknowledges that the CTA program is intended to stabilize OBTP’s funding, which has been in decline. They even attribute a recent financial ‘bump’ to aggressive outreach toward out-of-state practitioners working on Oregon returns, further proving that this bill is about sustaining the Board’s revenue, not protecting consumers.

Additionally, OBTP has **failed to address why attorneys, CPAs, CPA firms, and their employees are exempt from these licensing requirements**. This creates a **double standard** where only independent tax preparers face these burdens, while large firms and legal professionals remain free from the same restrictions. If licensing is truly about consumer protection, why are certain groups exempt?

### 4. The Financial Motives Behind HB 2338

The financial implications of HB 2338 further reveal its true purpose. The CTA program is estimated to generate **\$34,500 in new revenue in its first biennium** based on a \$75 annual licensing fee. However, OBTP has stated that **up to 706 potential licensees** could exist, meaning the **actual revenue could be closer to \$52,950, creeping toward almost twice the originally stated amount**. This does not include additional costs associated with the **40-hour coursework and mandatory exams**, which further burden

prospective tax professionals. This directly harms consumers by increasing costs and reducing the number of available tax professionals, which can lead to higher prices and less access to qualified tax preparers.

As a **semi-independent agency**, OBTP has been able to **roll over nearly \$1 million in revenue to 2025—more than doubling its projected revenue of \$440,000 budget**. A feat which has allowed them to declare they have 12+ months of operating funds in reserve. A substantial portion of this increase is directly tied to OBTP’s enforcement actions against out-of-state preparers. Yet, in the **2025-2027 Governor’s Budget**, OBTP misleadingly refers to this surge in revenue as merely a **“bump.”** In reality, the agency aggressively enforced unconstitutional, unapproved rules on out-of-state preparers, and this windfall was a direct result of that overreach. This misrepresentation is a deliberate attempt to obscure the financial motivations behind this bill. Furthermore, why should an agency that has repeatedly demonstrated an inability to appropriately use the powers it already has been granted even more authority? OBTP has engaged in regulatory overreach, misrepresented its financial situation, and applied licensing requirements inconsistently. Rewarding such behavior with expanded control only invites further misuse.

### **Conclusion**

HB 2338 does nothing to meaningfully address the needs of Oregon taxpayers or tax professionals. Instead, it creates an **arbitrary, redundant licensing requirement** that offers no new protections, increases costs, and provides no tangible benefit to the industry. The justifications for the bill rely on **misleading narratives about a shortage of professionals, a need for alternative learning pathways, and an overstated consumer protection concern**.

If the true goal is to improve access to tax training and workforce development, **the legislature should direct OBTP to clarify that supervised staff may enter tax data without a separate license**, aligning Oregon’s rules with IRS guidelines. “Tax Preparation” will still be done by the licensed professionals who review the data entry and consult with clients. As-is, HB 2338 is a revenue-driven attempt to expand OBTP’s regulatory reach under the guise of consumer protection. It should be rejected.

Thank you for your time, and I urge you to vote **NO** on HB 2338.