



Oregon Society of Certified Public Accountants

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Oregon Legislative Assembly – 2017 Regular Session Hearing – House Committee on Revenue Testimony related to HB 2156 and 2157

February 22, 2017

Chair Representative Barnhart, Vice-Chair Representative Bentz, Vice Chair Representative Smith Warner and Members of the House Committee on Revenue, for the record, my name is Tom Maynard. I am a member of the Taxation Committee and Past Chair of the Oregon Society of Certified Public Accountants (OSCPA). I am a Certified Public Accountant with the firm of Thomas C. Maynard, CPA in Beaverton, Oregon. I appreciate the opportunity to participate in today's hearing.

In support:

On behalf of the approximately 4,500 members of the OSCP, I respectfully testify and urge your support for HB 2156 and 2157, both of which direct the Department of Revenue to establish and maintain toll-free telephone numbers and other electronic means of communication to answer questions from business representatives and Certified Public Accountants.

- Several years ago, the Wall Street Journal headlined an article "IRS Deputizes CPAs," or wording to that effect. The writer, of course, was exercising his literary license; but, this pictures the increased necessity of dialogue between government and tax practitioners, which, for today's purpose, also encompasses other business representatives.
- During my college years, I had a summer job as a state tax auditor. I still retain the mental picture from one of the first days on the job, walking across the parking lot with a supervisor and an auditor who were discussing what elements of compliance were the responsibilities of a business and which functions should be performed by government. The flaw of a discussion or debate like this is that it frames the problem as an either-or. Today, with the increasing complexity of the tax code, especially in state taxation, the opportunity to detail and solve issues not only by email but also by telephone helps reduce delays and expedite outcomes. This is more efficient for the taxpayer as well as the Department of Revenue.

Observations about effectiveness when calling other agencies:

- On several occasions it has been necessary for me to contact the State of Oregon Employment Department regarding notices mailed to taxpayers. I have found them very responsive, and simple misunderstandings were resolved in a single telephone conversation.
- I have found telephone contact with other states – such as Washington and Vermont – very productive for learning specific applications of their rules, thereby avoiding compliance infractions.

- The Internal Revenue Service employs its own practitioner’s hotline through which, with proper authorization (power of attorney), a tax professional can represent individuals and businesses to resolve myriad problems.

Misunderstandings can occur when communication is lacking:

- By way of analogy, I recall preparing the consolidated Federal income tax return of a Fortune 500 company, which suffered flood and fire losses around the country most years. It was necessary to personally visit the risk management office to agree on the definition of the word “loss.” A loss for insurance purposes was different than for accounting purposes. And, the accounting of losses for financial statements, which are prepared for investing, borrowing, and management purposes, can be different from income tax accounting, which is performed for administrative purposes – the payment and collection of taxes.

In summary:

Even though we are not deputized, there exists a co-dependency between practitioners and businesses and the Oregon Department of Revenue. The Oregon Department of Revenue’s new Revenue Online Account Assistance and Tax Professionals and Practitioners Assistance is proving beneficial. Yet, online access is not enough. The relationship will be made healthier with a reliable availability of one-to-one telephone conversations. This is true both for tax professionals as well as officers and employees representing a business.

For these reasons, I respectfully request the passage of HB 2156 and HB 2157.

Thank you for the opportunity to share my experiences and concerns which I feel these two bills address. I would be happy to answer any questions from the committee.