

**SB 5538 A BUDGET REPORT and MEASURE SUMMARY**

**Carrier:** Sen. Manning Jr

**Joint Committee On Ways and Means**

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**Action Date:** 05/05/17

**Action:** Do pass with amendments. (Printed A-Eng.)

**Senate Vote**

**Yeas:** 10 - Devlin, Frederick, Girod, Hansell, Johnson, Manning Jr, Roblan, Steiner Hayward, Thomsen, Winters

**Exc:** 2 - DeBoer, Monroe

**House Vote**

**Yeas:** 11 - Gomberg, Holvey, Huffman, McLane, Nathanson, Rayfield, Smith G, Smith Warner, Stark, Whisnant, Williamson

**Prepared By:** Robert Otero, Department of Administrative Services

**Reviewed By:** Krista Dauenhauer, Legislative Fiscal Office

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**Board of Tax Practitioners**

**2017-19**

**Budget Summary\***

	2015-17 Legislatively Approved Budget <sup>(1)</sup>	2017-19 Current Service Level	2017-19 Committee Recommendation	Committee Change from 2015-17 Leg. Approved	
				\$ Change	% Change
Other Funds Limited	\$ 1,261,884	\$ 1,329,314	\$ 1,060,855	\$ (201,029)	-15.9%
Total	\$ 1,261,884	\$ 1,329,314	\$ 1,060,855	\$ (201,029)	-15.9%

**Position Summary**

Authorized Positions	4	4	3	-1
Full-time Equivalent (FTE) positions	4.00	4.00	2.50	-1.50

<sup>(1)</sup> Includes adjustments through December 2016

\* Excludes Capital Construction expenditures

**Summary of Revenue Changes**

The Board of Tax Practitioners is a consumer protection licensing board funded entirely by Other Funds derived from the issuance of licenses and business registrations, examination fees, fines and penalties. Fees are also charged for the administration of licensing examinations. License (new and renewal), application and exam fees comprise nearly 86 percent of all revenue collected by the Board. The remaining revenue is derived from civil penalties and interest. This budget conservatively projects a decrease in revenues from the 2015-17 Legislatively Approved Budget based on a decrease in licensees and updated revenue projections. The projected ending balance is \$188,980 Other Funds and is equivalent to four months of operating expenditures.

**Summary of General Government Subcommittee Action**

The Board protects consumers by ensuring Oregon tax practitioners are competent and ethical in their professional activities. The Board carries out its mission through three primary programs: Licensing, Examination and Education, and Compliance. The Licensing program provides licenses to those people who have demonstrated their competence and ethical standards established by the Board. The Examination and Education program coordinates the administration of competency examinations to new applicants to ensure their comprehension of the state and federal tax code prior to being issued a license. This program also monitors the continuing education requirements by reviewing and approving courses that will enhance the licensee's knowledge of the tax law. The agency ensures compliance by researching all complaints and

possible violations of the laws and rules governing tax preparation. The Board currently licenses approximately 1,700 tax preparers, 1,800 tax consultants, 1,200 tax preparation businesses, and 220 registered branch offices.

The Subcommittee approved a budget of \$1,060,855 Other Funds. The approved budget is a 15.9 percent decrease from the 2015-17 Legislatively Approved Budget. It includes three positions and 2.50 full-time equivalent positions.

Package 090, Analyst Adjustment: increases the beginning balance by \$64,435 Other Funds to account for cost savings activities implemented during the 2015-17 biennium. Furthermore, based on the reduction in agency staffing and the relocation to a smaller office space, \$2,000 has been reduced in Out-of-State Travel and \$34,000 is reduced in Facilities Rent. Additionally, \$36,000 Other Funds limitation has been added to IT Professional Services to adjust for the new BES Technology contract.

Package 070, Revenue Shortfalls: decreases expenditures by a total of \$268,459 Other Funds to account for workload savings that have been realized as a result of streamlining operations, and the integration of a new compliance database and e-licensing system. A vacant Compliance Specialist 2 (1.00 FTE) position is abolished and one permanent full-time Administrative Specialist 1 is reduced to a permanent part-time (0.50 FTE) position.

**Budget Note:**

*Report on Agency Operations and Finances:*

The Board of Tax Practitioners is directed to provide a general update on agency operations, as well as, the current status of revenues, expenditures, and licensee counts, to the Joint Committee on Ways and Means during the 2018 Legislative Session.

**Summary of Performance Measure Action**

See attached Legislatively Adopted 2017-19 Key Performance Measures form.

## DETAIL OF JOINT COMMITTEE ON WAYS AND MEANS ACTION

Oregon Board of Tax Practitioners  
Robert Otero-- 503-983-8670

DESCRIPTION	GENERAL FUND	LOTTERY FUNDS	OTHER FUNDS		FEDERAL FUNDS		TOTAL ALL FUNDS	POS	FTE
			LIMITED	NONLIMITED	LIMITED	NONLIMITED			
2015-17 Legislatively Approved Budget at Dec 2016 *	\$ -	\$ -	\$ 1,261,884	\$ -	\$ -	\$ -	1,261,884	4	4.00
2017-19 Current Service Level (CSL)*	\$ -	\$ -	\$ 1,329,314	\$ -	\$ -	\$ -	1,329,314	4	4.00
<b>SUBCOMMITTEE ADJUSTMENTS (from CSL)</b>									
<b>Tax Practitioners, State Board of</b>									
Package 070: Revenue Shortfalls									
Personal Services	\$ -	\$ -	\$ (212,783)	\$ -	\$ -	\$ -	(212,783)	(1)	(1.50)
Services and Supplies	\$ -	\$ -	\$ (42,474)	\$ -	\$ -	\$ -	(42,474)		
Capital Outlay	\$ -	\$ -	\$ (13,202)	\$ -	\$ -	\$ -	(13,202)		
<b>TOTAL ADJUSTMENTS</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (268,459)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>(268,459)</b>	<b>(1)</b>	<b>(1.50)</b>
<b>SUBCOMMITTEE RECOMMENDATION *</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,060,855</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>1,060,855</b>	<b>3</b>	<b>2.50</b>
% Change from 2015-17 Leg Approved Budget	0.0%	0.0%	(15.9%)	0.0%	0.0%	0.0%	(15.9%)	(25.0%)	(37.5%)
% Change from 2017-19 Current Service Level	0.0%	0.0%	(20.2%)	0.0%	0.0%	0.0%	(20.2%)	(25.0%)	(37.5%)

\*Excludes Capital Construction Expenditures

# Legislatively Approved 2017 - 2019 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 Approved KPMs	Metrics	Agency Request	Last Reported Result	Target 2018	Target 2019
1. Processing license and registration applications - Percent of license and registration applications processed within 3 days of receipt.		Approved	No Data	90%	90%
2. Processing exam applications - Percent of exam applications processed within 3 days of receipt		Approved	No Data	90%	90%
3. Continuing Education Compliance - Percent of licensees audited who are in compliance with continuing education requirements		Approved	No Data	85%	85%
4. Complaint response time - Percent of complaints responded to within 3 days of receipt		Approved	No Data	90%	90%
5. Customer satisfaction - Percent of students rating satisfaction with basic tax course instructor and course content as good or excellent		Approved	No Data	90%	90%
6. Licensed tax preparer exam pass rate - Percent of students who pass the licensed tax preparer exam		Approved	No Data	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		95%	95%	95%
	Accuracy		95%	95%	95%
	Helpfulness		98%	95%	95%
	Timeliness		99%	95%	95%
	Expertise		95%	95%	95%
8. EFFECTIVE GOVERNANCE - Percent of total best practices by the agency.		Approved	100%	100%	100%
1. The average number of days it takes the board to process annual license and registration renewals.		Legislatively Deleted	1.80	5	TBD
2. The average number of days it takes the board to process exam applications.		Legislatively Deleted	2.70	5	TBD
3. CONTINUING EDUCATION HOURS SUBMITTED - Average number of continuing education hours licensees receive annually (at least 30 hours are required for annual renewal).		Legislatively Deleted	43	40	TBD
4. RESPONSE TIME TO COMPLAINTS - Average number of hours to make an initial response to a consumer complaint.		Legislatively Deleted	5.30	8	TBD
6. Best Practices - Percent of total best practices met by the Board		Legislatively Deleted	No Data	TBD	TBD

**LFO Recommendation:**

Approve the new proposed KPM #1-6 and delete the previous KPM for #1-4 and 6. The existing KPM #5 "Customer Service" is a KPM used for all agencies statewide; therefore this KPM should remain, and be renumbered as KPM #7.

Additionally, LFO proposes a Best Practices KPM used by most boards and commissions statewide. This KPM requires an annual self-assessment of 15 of the best practices for boards and commissions. Additional information for this particular KPM can be found on the Legislative Fiscal Office website.

**SubCommittee Action:**

Approve the LFO recommendation.