

**HB 5036 A BUDGET REPORT and MEASURE SUMMARY**

**Carrier:** Rep. Smith G

**Joint Committee On Ways and Means**

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**Action Date:** 03/22/19

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

**House Vote**

**Yeas:** 9 - Gomberg, Holvey, McLain, McLane, Nosse, Piluso, Rayfield, Smith G, Stark

**Senate Vote**

**Yeas:** 12 - Beyer, Frederick, Girod, Hansell, Heard, Johnson, Manning Jr, Roblan, Steiner Hayward, Thomsen, Wagner, Winters

**Prepared By:** Breanna McGehee, Department of Administrative Services

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

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**Board of Tax Practitioners  
2019-21**

**Budget Summary\***

	2017-19 Legislatively Approved Budget <sup>(1)</sup>	2019-21 Current Service Level	2019-21 Committee Recommendation	Committee Change from 2017-19 Leg. Approved	
				\$ Change	% Change
Other Funds Limited	\$ 1,042,020	\$ 1,104,037	\$ 1,104,037	\$ 62,017	6.0%
Total	\$ 1,042,020	\$ 1,104,037	\$ 1,104,037	\$ 62,017	6.0%

**Position Summary**

Authorized Positions	3	3	3	0
Full-time Equivalent (FTE) positions	2.50	2.50	2.50	0.00

<sup>(1)</sup> Includes adjustments through December 2018

\* 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. The Board has seen a decrease in licensure over the past several years. The projected ending balance is \$220,929 Other Funds and is equivalent to five months of operating expenditures.

A modified fee schedule (HB 5037) for Licensed Tax Preparer (LTP) and Licensed Tax Consultant (LTC) examinations is anticipated to reduce revenues by \$3,750 per biennium. Under the new fee structure proposed in this bill, LTPs and LTCs both pay a \$60 Exam Application Fee for review of their credentials by the Board. Once approved to take a licensing exam by the Board, the applicant pays an Exam Proctoring Fee directly to the test proctoring company; this fee will be \$50 for LTPs and \$85 for LTCs.

**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.

This budget retains pass-through revenues and expenditures associated with licensing exam proctoring fees. 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).

**Summary of Performance Measure Action**

See attached Legislatively Adopted 2019-21 Key Performance Measures form.

## DETAIL OF JOINT COMMITTEE ON WAYS AND MEANS ACTION

Oregon Board of Tax Practitioners  
Breanna McGehee - - 971-301-0189

DESCRIPTION	GENERAL FUND	LOTTERY FUNDS	OTHER FUNDS		FEDERAL FUNDS		TOTAL ALL FUNDS	POS	FTE
			LIMITED	NONLIMITED	LIMITED	NONLIMITED			
2017-19 Legislatively Approved Budget at Dec 2018 *	\$ -	\$ -	\$ 1,042,020	\$ -	\$ -	\$ -	1,042,020	3	2.50
2019-21 Current Service Level (CSL)*	\$ -	\$ -	\$ 1,104,037	\$ -	\$ -	\$ -	1,104,037	3	2.50
<u>SUBCOMMITTEE ADJUSTMENTS (from CSL)</u>									
TOTAL ADJUSTMENTS	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-	0	0.00
SUBCOMMITTEE RECOMMENDATION *	\$ -	\$ -	\$ 1,104,037	\$ -	\$ -	\$ -	1,104,037	3	2.50
% Change from 2017-19 Leg Approved Budget	0.0%	0.0%	6.0%	0.0%	0.0%	0.0%	6.0%		
% Change from 2019-21 Current Service Level	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%		

\*Excludes Capital Construction Expenditures

# Legislatively Approved 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 Approved 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:**

Approve the LFO recommendation