



Oregon

Tina Kotek, Governor

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Before the House Committee on Commerce and Consumer Protection February 25, 2025 HB 2338

Testimony of Laura Kardokus, Executive Director
Oregon Board of Tax Practitioners

Chair Rep. Sosa, Vice-Chairs Rep. Chaichi, Osborne, Members of the Committee, for the record, my name is Laura Kardokus and I am the Executive Director for the Oregon Board of Tax Practitioners (Board), and I am pleased to be here today to provide testimony about the Board proposed House Bill 2338.

HB 2338 is the consensus outcome of a process the Board began with its two main associations in the Spring of 2024. The goal of this process was to create a lower-level program akin to an apprenticeship program that would allow applicants to enter the tax field under a Licensed Tax Consultant and be eligible to enter or update data in a tax returns, sit in on client interviews, take in client documents, verify data on tax documents match data entered in the return, check for accuracy of math on the return, request documents from a client and set up appointments.

The program change in this bill is create a new lower-level license (Certified Tax Aide – CTA) with permission to enter or correct data in a tax return. Currently only licensed personnel can enter or update information in an Oregon Personal Income Tax Return for a fee under the Board of Tax Practitioners Statutes and Rules.

The Board is aware that there is a pipeline issue in the tax industry. The Board's licensee numbers have been declining over the past ten years with a small increase five years ago followed by another decline. The current moderate rise in licensing numbers for the Board is primarily due to Out-of-State Practitioners who have become Consultants. Specifically, over the past two years, the Board added 391 Consultants only because out-of-state practitioners became licensed in greater numbers than the decline in Oregon consultants. Similarly, the Board added 113 Preparers only because an additional 137 Out-of-State Preparers became licensed.

The overall longer-term decline in licensees coupled with the increasing average age of the Board's licensees presents a challenge for the consumers, profession and the Board. As of January 2025, 48%, of Licensed Tax Consultants were 61 years of age or older and 47% of Licensed Tax Preparers were 51 years of age or older.

The goal of this lower-level program is to allow applicants to earn while they learn which will allow them to pay for the necessary 80-Hour course, exam and licensure. This will also allow them to gain hands-on experience. The hope is that applicants that struggle to learn only from coursework and lectures will benefit from this additional, apprenticeship-like time seeing, using and entering data into the tax returns.

The current license types of the Board and their qualifications are as follows:

- 1) Licensed Tax Preparers (LTPs): This is an entry-level license that enables individuals to prepare personal income tax returns in Oregon for a fee. All Tax Preparers must work under the supervision of a licensed Tax Consultant. Tax preparer licenses expire every year on September 30th.

Requirements:

- Be 18 years of age or older
- Possess a high school diploma or have passed an equivalency examination (GED) or comparable course work.
- Possess a Preparer Tax Identification Number (PTIN) issued by the IRS
- Have successfully completed a Board-approved 80-hour personal income tax course or have equivalent tax/accounting related College Courses.
- Pass a state-administered exam with a score of 75% or higher. This is a 4-hour exam consisting of 163 questions, this is an open book exam.

- 2) Licensed Tax Consultants (LTCs): This license allows individuals to prepare personal income tax returns in Oregon for a fee as a self-employed or independent tax practitioner. Licensed Tax Consultants may also supervise licensed Tax Preparers. Every tax preparation office registered with the Board is required to have a licensed Tax Consultant on site. Tax Consultant licenses expire every year on May 31st.

Requirements:

- Have 1,100 hours of work experience as a tax preparer within at least two of the past five years.
- Completed 15 hours of continuing education within the past 12 months
- Pass a state-administered licensing exam with a score of 75% or higher. This is a 5-hour exam consisting of 200 questions, this is a closed book exam.

OR if the Person is an Enrolled Agent:

- Present their Enrolled Agent Card.
- Pass a state-administered licensing exam with a score of 75% or higher. This is a 1 ½ hour exam consisting of 50 questions, this is a closed book exam.

- 3) Businesses and Branches:

- Register the Business with the Secretary of State.
- Register with the Board and identify the Designated and Resident Consultant for the Business who will oversee all the tax business and licensees at that location.

The Certified Tax Aide program as proposed under HB 2338 will require the following:

- Be 18 years of age or older
- Possess a high school diploma or have passed an equivalency examination (GED) or comparable course work.
- Have successfully completed a Board-approved 40-hour personal income tax course (half of the current prescribed 80-hour course) – Or - **The proposed -1 amendments to HB 2338 are supported by the Board and its two main associations. The -1s would allow CTA applicants to also use the equivalent tax/accounting related College Courses, an approach which mirrors the current Preparers program**

Part of the main requirement for licensure is that the applicant possesses a high school diploma or has passed an equivalency examination (GED) or comparable course work. Board has always interpreted the high school requirement as the floor for the level of education required and would accept college credits as comparable course work.

The Board believes that not only will this new lower-level position aide in the Pipeline it will also help the CTAs earn money to be able to take the full 80-Hour course toward the next level LTP license, pay for the LTP exam and license. The Board further believes this CTA program will help those who are hands on learners and provide them with a better chance of success when taking the Board Exam. Finally, the CTA program will also aide our current Tax Consultants with workload. The Board is aware that due to the lower number of Consultants in Oregon there is still a large amount of returns that need to be processed, and several taxpayers are struggling to find a licensed tax professional to assist them. This lower-level CTA license will allow data entry tasks to be shifted from LTPs to CTAs which will help our profession immensely with workload and it will make it easier for consumers to find a licensed tax professional.

The CTA program in HB 2338 was agreed upon by the Board's two main associations and the Board itself. The Board is aware that some other organizations take issue with either the name of the program or some aspects of the program as proposed. The Board is willing to agree to change the name of the program to Registered Tax Aide (RTA) to address concerns regarding the name CTA causing confusion with the similar acronym CPA and would not oppose an amendment to that effect.

The Board is respectfully requesting your support for the substantive program as laid out in HB 2338 without substantial modifications. The Board is excited about this new lower-level program and intends to follow up with a Rule Making process which will allow all parties to be heard on the details of the program.

Thank you for your consideration for this bill. I would be happy to answer any questions this committee may have. That said, I would like with permission of the Chair to turn testimony over to my Board Vice-Chair Ms. Bradley.