SENATE COMMITTEE ON BUSINESS & CONSUMER AFFAIRS

March 15, 199 Hearing Room C

1:00 p.m. Tapes 59 - 60

MEMBERS PRESENT: Sen. David Nelson, Chair

Sen. Lee Beyer, Vice-Chair

Sen. Rick Metsger

Sen. Randy Miller

Sen. Charles Starr

MEMBER EXCUSED:

STAFF PRESENT: Y. Sherry Sheng, Administrator

Nancy Massee, Administrative Support

MEASURE/ISSUES HEARD:

SB 151 Public Hearing and Work Session

SB 152 Public Hearing and Work Session

SB 153 Public Hearing and Work Session

SB 154 Public Hearing and Work Session SB 155 Public Hearing and Work Session

SB 156 Public Hearing and Work Session

SB 158 Public Hearing and Work Session

SB 262 Public Hearing and Work Session

These minutes are in compliance with Senate and House Rules. Only text enclosed in quotation marks reports a speakerís exact words. For complete contents, please refer to the tapes.

TAPE/#	Speaker	Comments

TAPE 59, A		
003	Chair Nelson	Opens meeting at 1:14 P.M. Explains SB 151, 152, 153, 154, 155, 156, and 158 are from the Board of Accountancy. Opens public hearing on these bills.
SB 151 PUBLIC HEARING		
033	David Efurd	Past Chair of the Oregon Board of Accountancy. Introduces Karen DeLorenzo. Describes the bills to be heard as housekeeping issues. Says they are presented separately because they cover a wide range of areas. Says the accountants had no negative reactions to these bills when presented for their approval. SB 151 allows municipal auditors to reside and live out of state. Says there is no problem with distance practices. Presents **(EXHIBITS A and B).**
052	Chair Nelson	Asks what a municipal auditor needS to know.
053	Efurd	The municipal auditors accounting for specified funds.
057	Chair Nelson	Asks for questions. Continues with SB 152.
SB 152 PUBLIC HEARING		
058	Efurd	Explains SB 152 relates to the Certified Public Accountant (CPA) examination. The bill eliminates review of examination papers. Allows to set fees by rule. Fees are set by national examining board.
074	Chair Nelson	Asks about failed examinations.
075	Efurd	Explains there is a national policy that examinees are not allowed to review their exam. Says a diagnostic report is provided to individuals so they know what to study.
089	Chair Nelson	Asks about testing.
090	Efurd	Refers to handout of diagnostic report in exhibits. Comments that the method of using a diagnostic report and sample questions seems to be sufficient for studying.
100	Efurd	Reports the applicants may retain sections they pass.
102	Chair Nelson	Asks for questions.
SB 153 PUBLIC HEARING		

105	Efurd	Explains SB 153 is designed to increase the civil penalty from $1,000 to $5,000. Says this is more in line with present fines. States there are more, complex complaints being made. This is not a revenue producing bill.
126	Chair Nelson	Asks how many fines are assessed in the year.
128	Efurd	Responds probably around a dozen.
131	Chair Nelson	Asks how these issues arise.
132	Efurd	Explains most complaints are from clients or agencies, and occasionally from other accountants.
141	Chair Nelson	Asks for questions.
SB 154 PUBLIC HEARING		
142	Efurd	Explains SB 154 modifies membership of the State Board of Accountancy to allow membership from industry, education, or government which would more correctly reflect accountant representation.
155	Chair Nelson	Asks for questions.
SB 155 PUBLIC HEARING		
160	Efurd	Explains SB 155 modifies quality review activities conducted by the State Board of Accountancy. Comments that now the American Institute of Certified Accountants and state organizations of accountants do reviews of accountants which would be reflected in the statute by this bill. Says the board wants to reserve the right to hire for quality review programs, in cases of investigation or disciplinary matters.
186	Chair Nelson	Asks for questions.
SB 156 PUBLIC HEARING		
187	Efurd	Explains SB 156 is designed to balance the boardís budget. It increases the amount of certain application fees and annual renewal fees. Comments the fees are low compared to other professional organizations in the state. Explains SB 157 is a registration requirement. Currently firms that perform audits are required to register with the Board of Accountancy. SB 157 will not be introduced because another bill is going to be introduced with this provision.
220	Chair Nelson	Asks if SB 157 is passed, would SB 156 be reduced.

222	Efurd	Responds that is correct if the bill the Oregon Society of CPAs is bringing forth does not include all the individual practices the board includes in their version.
244	Chair Nelson	Asks if the budget increase is going to cause a problem.
246	Efurd	Responds that the board has taken this into consideration in reaching a budget.
247	Chair Nelson	Asks for questions.
SB 158 PUBLIC HEARING		
249	Efurd	Explains SB 158 is to authorize the Department of Revenue to allow the board access to copies of signatures on tax return documents for the purpose of enforcing accountancy laws.
250	Chair Nelson	Asks what the purpose is.
264	Efurd	Responds the boardís purpose is to review whether licensees who have lost their license are continuing to practice as accountants while suspended or revoked. This is an expedient way to determine this.
288	Chair Nelson	Asks if there are any questions on these bills. Says the reason for so many bills is because they are each distinct.
293	Karen Delorenzo	Explains why there are so many separate bills.
296	Chair Nelson	Closes public hearing on SB 158. Opens work session on SB 151.
SB 151 WORK SESSION		
303	Chair Nelson	Asks for discussion on SB 151.
304	**Chair Nelson**	**MOTION: Moves SB 151 to the floor with a DO PASS recommendation.**
		VOTE: 4-0 **EXCUSED: 1 ñ Miller**
305	**Chair Nelson**	**Hearing no objection, declares the motion CARRIED.**

		Sen. NELSON will lead discussion on the floor. Closes work session on SB 151. Opens work session on SB 152.
<u>SB 152 WORK SESSION</u>		
314	**Chair Nelson**	**MOTION: Moves SB 152 to the floor with a DO PASS recommendation.**
		VOTE: 4-0 **EXCUSED: 1 ñ Miller**
	Chair Nelson	**Hearing no objection, declares the motion CARRIED.** **Sen. NELSON will lead discussion on the floor.**
315	Chair Nelson	Closes work session on SB 152. Opens work session on SB 153. Asks for discussion.
<u>SB 153 WORK SESSION</u>		
317	Chair Nelson	Asks why the fees are raised so much.
319	Efurd	Explains why the increase is needed. Says $1,000 is not a very strong deterrent. Some violations are serious enough to impose a stronger penalty. Says research shows that $5,000 is a more common amount from other boards and states.
332	Sen. Starr	Asks if $5,000 is enough of a limit.
333	Efurd	Says that is correct.
345	**Chair Nelson**	**MOTION: Moves SB 153 to the floor with a DO PASS recommendation.**
		VOTE: 4-0 **EXCUSED: 1 ñ Miller**

346	**Chair Nelson**	**Hearing no objection, declares the motion CARRIED.** **Sen. NELSON will lead discussion on the floor.**
347	Chair Nelson	Closes work session on SB 153. Opens work session on SB 154.
SB 154 WORK SESSION		
349	Chair Nelson	Asks for discussion.
358	Sen. Beyer	Asks what the reason for this was.
364	Efurd	Responds that the reason is that about one-third of licensees are in industry, government, and education and not represented on the board. The board consists of CPAs, PAs, and one public member.
378	**Chair Nelson**	**MOTION: Moves SB 154 to the floor with a DO PASS recommendation.**
		VOTE: 5-0
379	**Chair Nelson**	**Hearing no objection, declares the motion CARRIED.** **Sen. NELSON will lead discussion on the floor.**
381	Chair Nelson	Closes work session on SB 154. Opens work session on SB 155.
SB 155 WORK SESSION		
381	Chair Nelson	Asks for discussion.
382	**Chair Nelson**	**MOTION: Moves SB 155 to the floor with a DO PASS recommendation.**
		VOTE: 5-0

383	**Chair Nelson**	**Hearing no objection, declares the motion CARRIED.** **Sen. NELSON will lead discussion on the floor.**
386	Chair Nelson	Closes work session on SB 155. Opens work session on SB 156.
SB 156 WORK SESSION		
TAPE 60, A		
005	Chair Nelson	Authorizes DOR to supply copies of signature blocks from tax returns for purpose of enforcing accountancy laws. Asks for discussion.
006	**Chair NELSON:**	**MOTION: Moves SB 156 be sent to the floor with a DO PASS recommendation.**
VOTE: 5-0		
007	**Chair Nelson**	**Hearing no objection, declares the motion CARRIED.** **Chair NELSON will lead discussion on the floor.**
009	Chair Nelson	Closes work session on SB 156. Opens work session on SB 158.
SB 158 WORK SESSION		
010	Chair Nelson	Asks for discussion.
011	**Chair Nelson**	**MOTION: Moves SB 158 to the floor with a DO PASS recommendation.**
		VOTE: 5-0
012	**Chair Nelson**	**Hearing no objection, declares the motion CARRIED.** **Sen. NELSON will lead discussion on the floor.**

013	Chair Nelson	Closes work session on SB 158. Opens public hearing on SB 262.
SB 262 PUBLIC HEARING		
026	Chair Nelson	States SB 262 authorizes the State Board of Tax Service Examiners to require compliance with continuing education requirements as a condition to restoration of lapsed tax prepareris or tax consultantis license.
029	Rodney Pitzer	Administrator, State Board of Tax Service Examiners. Gives background on bill. Says the bill authorizes the State Board of Tax Service Examiners to require compliance with continuing education requirements as a condition to restoration of lapsed tax prepareris or tax consultantis license. The boardis mission is to protect Oregon consumers by ensuring that Oregon tax professionals are competent. Presents **(EXHIBIT C).**
057	Sen. Metsger	Asks, if someoneis license has lapsed, if they can pay a fee and get their license returned.
068	Pitzer	Says the continuing education has to be current and not bypassed.
075	Chair Nelson	Asks if specific proof of compliance with continuing education is required.
076	Pitzer	Explains that a copy of their continuing education completion would be proof.
078	Chair Nelson	Asks if a test is required on lapsed licensees.
080	Pitzer	Responds that there would not be a test.
083	Sen. Beyer	Asks if there is initially a test.
088	Pitzer	Says there are two levels of licensees, a licensed tax preparer (for two years) and licensed tax consultant.
094	Sen. Beyer	Asks about the continuing education.
095	Pitzer	Responds 30 hours are required annually. Says if 3 years have lapsed, the exam must be taken over.
103	Chair Nelson	Asks for questions. Hearing none, closes public hearing on SB 262. Opens work session on SB 262.
SB 262 WORK SESSION		

104	**Sen. Miller**	**MOTION: Moves SB 262 to the floor with a DO PASS recommendation.**
		VOTE: 5-0
105	**Chair Nelson**	**Hearing no objection, declares the motion CARRIED.** **Sen. MILLER will lead discussion on the floor.**
106	Chair Nelson	Closes work session. Adjourns meeting at 1:50 p.m.

Submitted By, Reviewed By,

Nancy Massee, Y. Sherry Sheng,

Administrative Support Administrator

<u>**EXHIBIT SUMMARY**</u>

A ñ SB 151, SB 152, SB 153, SB 154, SB 155, SB 156, SB 158, Letter, David Efurd, 1 p.

B ñ SB 151, SB 152, SB 153, SB 154, SB 155, SB 156, SB 158, Written testimony,

David Efurd, 12 pp.

C ñ SB 262, Written testimony, Rodney Pitzer, 3 pp.