

Board of Tax Professional Examiners

Agency at a Glance

The mission of the Board of Tax Professional Examiners is to regulate tax professionals in Texas to ensure that those who appraise real property and assess and collect property taxes are knowledgeable, competent, and ethical. The Board registers elected assessor-collectors and certain employees of appraisal districts and local taxing entities, including counties, cities, and school districts. To accomplish its mission, the Board:

- ◆ registers tax appraisers, assessor-collectors, and collectors and monitors their progress toward certification;
- ◆ oversees the educational system necessary to achieve certification;
- ◆ administers tax professional certification exams and issues certificates upon passage; and
- ◆ enforces the Property Taxation Professional Certification Act and Board rules by monitoring compliance with education requirements, investigating complaints against tax professionals, and taking disciplinary action when necessary.


*For additional information,
please contact Karen Latta
at (512) 463-1300.*

Key Facts

- ◆ **Funding.** In fiscal year 2008, the Board collected more than \$279,000 in fees. The Board operated with a budget of \$159,146 plus \$78,385 in indirect costs. The appraisal districts and tax offices that employ the Board's registrants pay registration and exam fees, which cover all of the Board's administrative costs.
- ◆ **Staffing.** The Board employs three full-time employees and one part-time employee, all based in Austin.
- ◆ **Registration.** In fiscal year 2008, the Board regulated 3,728 tax professionals, 321 of whom were registered in more than one category. The Board's registrations included 2,492 appraisers, 1,148 assessor-collectors, and 409 collectors.
- ◆ **Courses and Exams.** In fiscal year 2008, the Board oversaw 144 courses on property tax topics and administered exams to 372 registrants.
- ◆ **Enforcement.** The Board resolved 24 complaints from the public in fiscal year 2008, resulting in letters of reprimand against three registrants.

Board Members (5)

D. Kristeen Roe, Chair (Bryan)

Jim Childers, Vice Chair (Canyon)

Linda Hatchel, Secretary (Woodway)

Pollard Coates, IV (Kerrville)

Steve Mossman (Flower Mound)

Agency Head

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Recommendations

1. Abolish the Board of Tax Professional Examiners and transfer its functions to the Texas Department of Licensing and Regulation.
2. Conform key elements of the Property Taxation Professional Certification Act's licensing and enforcement functions to commonly applied licensing practices.

Issue 1

The Board of Tax Professional Examiners Has Had Difficulty Effectively Carrying Out Its Regulatory Duties.

Key Findings

- ◆ The State has a continuing interest in registering and certifying tax professionals.
- ◆ The Board's approach to regulating tax professionals has not included a strong enforcement effort.
- ◆ The Board's resources are insufficient to effectively manage a state agency with regulatory duties.

The Legislature has charged the Board of Tax Professional Examiners with regulating local officials who administer the property tax system to ensure they are competent, knowledgeable, and ethical. However, the Board's ability to address the concerns of taxpayers is limited by the small size of the agency and its lack of clear and comprehensive regulations. These difficulties indicate the need to consolidate the Board's functions with a larger agency to improve regulatory effectiveness and administrative efficiency.

Recommendations

Change in Statute

1.1 Abolish the Board of Tax Professional Examiners and transfer its functions to the Texas Department of Licensing and Regulation.

The Board of Tax Professional Examiners would cease to exist as an independent agency, and its regulatory functions would transfer to the Texas Department of Licensing and Regulation (TDLR). The Board's existing authority for registering, certifying, and taking enforcement action against tax professionals would be transferred to TDLR, keeping current registration categories intact. TDLR provides a secure and knowledgeable agency structure to administer the regulation of tax professionals while increasing registrant and consumer responsiveness and achieving administrative efficiencies. Further, the Commission on Licensing and Regulation, with its all-public membership, would provide needed objectivity and would develop comprehensive rules to govern all aspects of tax professional regulation.

The Commission could also develop a formal relationship with the Property Tax Education Coalition. Since the Coalition is not established in statute and no formal agreement exists between it and the Board, TDLR would be able to work with the Coalition to design a relationship that would accomplish the goals of both parties, as well as tax professionals and the public.

1.2 Establish a tax professional advisory committee to assist with the regulation of tax professionals.

This recommendation would create a tax professional advisory committee at TDLR to advise the Commission on Licensing and Regulation, with the duties described in the textbox, *Recommended Duties of the Advisory Committee*. The presiding officer of the Commission, with the Commission's approval, would appoint five members to the advisory committee for six-year, staggered terms, and would designate one member of the committee as the presiding officer. The membership would include two registered appraisers, two registered assessor-collectors, and one public member.

A new advisory committee responsive to the Commission on Licensing and Regulation would capture technical expertise on the profession and merge that expertise with an effective operating structure at TDLR. The advisory committee would also ensure that stakeholders have opportunities for meaningful input in the creation of rules and regulations affecting the profession.

Recommended Duties of the Advisory Committee

- ◆ Recommend rules and standards on technical issues related to the profession.
- ◆ Provide advice regarding educational courses and curricula for registrants.
- ◆ Provide advice regarding examination content.
- ◆ Educate the Commission on Licensing and Regulation and TDLR staff on issues affecting the profession.
- ◆ Respond to questions from TDLR's staff and Commission relating to the profession.

1.3 Authorize TDLR to seek assistance from the Comptroller's Office on educational needs and other regulatory issues.

This recommendation would give TDLR and the Comptroller's Office statutory authority to collaborate on tax professional regulation. Since the Comptroller's Office regularly works with appraisal districts and taxing entities and has registered appraisers on staff, it can offer advice to TDLR on the coursework required for certification. TDLR would also be able to seek the Comptroller's technical assistance on enforcement cases and other regulatory functions.

Issue 2

Key Elements of the Board's Registration and Renewal Functions Do Not Conform to Commonly Applied Licensing Practices.

Key Finding

- ◆ Nonstandard registration fee and renewal provisions of the tax professional's statute could reduce TDLR's flexibility and efficiency.

Various registration fee and renewal provisions of the Property Taxation Professional Certification Act do not match model standards developed from experience gained through more than 93 occupational licensing reviews over the last 31 years. Comparing the Board's statute, rules, and practices to the model licensing standards identified variations that need to be brought in line with the model standards.

Recommendations

Change in Statute

2.1 Eliminate licensing and administrative fee caps in statute and authorize TDLR to set fees in rule.

This recommendation would give TDLR greater flexibility to set fees as appropriate without prior legislative action. The recommendation would also provide flexibility in setting fees at the level necessary to recover program costs as conditions change. The Legislature would maintain control by setting spending levels in the General Appropriations Act. Further, since TDLR would have to set fees in rule, the tax professionals advisory committee, created in Recommendation 1.2, and the public would have the ability to comment on proposed fee amounts before they are implemented.

2.2 Authorize TDLR to adopt rules establishing a system under which registrations expire on various dates during the year.

This recommendation would eliminate the Board's current statutory language requiring all registrants to renew their registration annually by December 31, and would provide new authority to stagger renewal dates. Staggered renewal dates would allow a more balanced workload throughout the year, and tax professionals would avoid registration renewal during the holiday season. TDLR would also have the flexibility to batch renewals by office instead of by individual registrant, so that appraisal districts and assessor-collector offices could renew all of their employees' registrations at the same time. The tax professionals advisory committee and the public would have the ability to comment on TDLR's proposed renewal dates through the rulemaking process.

2.3 Tighten the timeframes for assessing late renewal fees and require those fees to be based on the standard registration renewal fee.

The renewal fee for registrants who are delinquent in renewing their registrations would be due immediately after the renewal due date, removing a 30-day grace period currently in law. The late renewal penalty would be based on the standard renewal fee instead of a set amount that does not relate to the cost of renewal. To renew a registration that has been expired for 30 days or less, the late renewal fee would be equal to 1-1/2 times the standard renewal fee. If the license has been expired for more than 30 days, but less than 60 days, the late renewal fee would equal two times the standard renewal fee. This recommendation would maintain the existing statutory requirement that persons whose registrations have expired for more than 60 days must re-register with TDLR. This change would provide more incentive to renew registrations on time, and would scale the late renewal penalty to the cost of renewing a registration.

Fiscal Implication Summary

Two of these recommendations may have a fiscal impact, but the actual amount of the impact will depend on how the recommendations are implemented.

- ◆ **Issue 1** – Abolishing the Board of Tax Professional Examiners and transferring its functions to the Texas Department of Licensing and Regulation may result in savings from reduced administrative costs and staff positions by taking advantage of the existing administrative structure of the Department. Any cost savings resulting from this recommendation would either be used to improve services or returned to registrants in the form of lower fees.
- ◆ **Issue 2** – Changing the statutory basis for the late renewal penalty would increase the collection of late fees, but the potential increase in revenue is not likely to be significant.