

MINUTES
AUDIT COMMITTEE MEETING
PUBLIC SESSION
TUCSON, ARIZONA
MARCH 20, 2002

I. CALL TO ORDER:

Rich Schrader, Audit Committee Chairman called the meeting to order at 1:00 PM and welcomed the members and guests who were present.

II. ROLL CALL:

Present were the following members and guests:

NJ Rich Schrader	KY Jennifer Hayes	OR Don Jones
NM Frank Shaffer	NM Diana Vasquez	WY Rick Scheer
CO Bill Speckman	MN Larry Wilke	SD Bruce Christiansen
ND Harold Aldinger	ND Blane Braunberger	NE Sean Sookram
NE Scott Spilinek	ID Karen Ginnett	KS Monica Holthaus
AL Dan Bass	AL Lewis Mills	MT Eugene Walborn
UT Frank Hales	UT Kim Ferrell	ID Joe Randall
WA Forrest Bush	MI Stan Borowski	MI Carla Ward
NH Chuck Redfern	DC Nancy Tucker	MO John Feldmann
MTC Kathleen Stewart	MTC Les Koenig	MTC Steve Yang
MTC Harold Jennings	MTC Cathy Felix	MTC Jeff Silver

III. PUBLIC COMMENTS:

There were no comments from the public sector present at the meeting.

IV. APPROVAL OF MINUTES OF PUBLIC SESSIONS BISMARCK, ND

The minutes from the Washington, DC public session held on October 30, 2001 were approved as submitted.

V. REPORT FROM EXECUTIVE COMMITTEE LIAISON

Carol Fischer was unable to attend the meeting and no report was given.

VI. EXECUTIVE DIRECTOR'S REPORT

Dan Bucks, MTC Executive Director reported via a teleconference on the progress of the Streamlined Sales Tax Project. He also reported that Kathleen Stewart was selected as the consultant for the cooperative audit study.

Dan also explained the budget process for next fiscal year and his intention of freezing the audit fees for next fiscal year. He also discussed the MTC automation project and how this would eventually help in the audit selection process.

VII. AUDIT DIRECTOR'S REPORT

Les Koenig, MTC Audit Director issued a written report on the status of the Audit program. He also reported that the Audit program remains fully staffed. Les also reported that the New York Audit Office would be relocating out of down town Manhattan and will be moving to suburban New York due to rising rent costs.

VIII. REPORT FROM AUDITING TECHNOLOGY SUB-COMMITTEE

Stan Borowski reported on the sub-committee's meeting on March 18, 2002. Two presentations were given to the sub-committee on Data Warehouses.

Harold Jennings reported on the training courses being prepared. He and Alan Friedman are developing courses on corporate income taxes and attorney training. He is also looking at remote training possibilities.

IX. COOPERATIVE AUDITING REPORT

Kathleen Stewart, consultant for this project reported that she has met with the Task Force that was recently appointed. She has conducted two meetings and has developed a letter to send to the Tax Administrators. She also plans to send a survey to all the states to determine the interest in cooperative auditing among the states.

X. NEW BUSINESS AND ADJOURNMENT

Chuck Redfern brought up an issue that the old FSC Corps. have been replaced by a Federal Territorial Exclusion. He asked if any of the states who utilize combined reporting have addressed the problem. None of the states present have addressed the issue but will now be alert to this problem.

The Audit Committee voted on where to hold the spring meeting in 2003. The votes were as follows:

Orlando, FL.	15
Myrtle Beach SC	12
Austin, TX	11
Charleston SC	5
New Orleans, LA	5

The open session was placed in recess at 2:20PM to move to the closed session.

The open session reconvened at 4:00PM and was joined by the members of the Litigation Committee. Frank Katz explained the study being conducted on the factor nexus. This study looks at the possibility of replacing PL 86-272 with a bright line factor determination.

The joint committee also briefly discussed ways to enforce document requests from taxpayers who refuse to supply the requested information. The consensus of the group seemed to be to issue subpoenas when the taxpayers continue to stonewall requests for information.

The meeting adjourned at 5:00PM.