



To: Commission  
 From: Gregory S. Matson  
 Date: July 24, 2017  
 Subject: Annual Report of the Executive Director

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This report is a summary of the Commission’s organizational and staff activities for the period July 1, 2016, through June 30, 2017 (unless otherwise noted).

## I. Programs & Activities

### A. Joint Audit Program

The Joint Audit Program has completed four income tax audits and parts of eight other income tax audits for the fiscal year 2017. The audit program also has completed eight sales tax audits and parts of six other sales tax audits for this same period. There are 21 income and 33 sales tax audits in progress.

The audit program has proposed assessments of \$167,460,884 for the completed income tax audits and \$3,753,760 for the completed sales tax audits for the fiscal year ending June 30, 2017.

The following chart summarizes hourly data for completed audits for fiscal year end June 30, 2017:

	Income & Franchise	Sales & Use	Total
<b>Total Audits</b>	4	8	12
<b>Total States Audited</b>	76	76	152
<b>Total Hours</b>	7,925	12,267	20,192
<b>Average Hours per State</b>	104	161	133

In October we added a new income tax auditor, Ali Pazand. Ali came to us highly recommended from the New Mexico Taxation and Revenue Department. During the interview process in hiring Ali, we felt that we had many qualified candidates. To take advantage of this highly qualified applicant pool, we decided to hire another income tax auditor. Virginia (Kay) Mick joined the income tax audit program in January 2017. Kay came to us highly recommended from the state of West Virginia. Both Ali and Kay report to Field Audit Supervisor Jeff Silver.

A Statistical Sampling Class for Sales and Use Tax Audits was held September 19 - 22, 2016, in Wheat Ridge, Colorado. Bob Schauer was the instructor for this class. We also held a Computer Assisted Audit Techniques Using Excel class October 18-19, 2016, in Hoover, Alabama. Harold Jennings and L.D. Ridenour were the instructors for that class. Another Statistical Sampling Class for Sales and Use Tax Audits was held on May 16-19, 2017, in Sioux Falls, South Dakota. Bob Schauer was the instructor for this class with onsite assistance from Samuel Moon.

## **B. National Nexus Program**

### Multistate Voluntary Disclosure Program (MVDP)

The fiscal year results for 2017 are strong — although they did not reach the prior fiscal year results. The average value of disclosure contracts decreased slightly from last fiscal year.

- Nexus states' collections: \$19,664,097 (\$22,317,942 in FY 2016)
- Nexus states' executed contracts: 431 (488 in FY 2016)
- Nexus states' average contract value: \$ 45,624 (FY 2016: \$46,747)

In addition, \$25,374 was collected for a non-member state, although voluntary disclosure applications for non-member states are no longer accepted. The above amounts include funds received by the Commission or paid by the taxpayer directly to the states and reported to the Commission. Interest on back tax paid and the value of a new taxpayer are not included.

### Strategic Planning

The Nexus Committee completed the strategic planning project to improve the information on the Multistate Voluntary Disclosure Program (MVDP) website for clarity and ease of use. The Nexus Committee Work Group made several recommendations, which were approved at the Nexus Committee's July 25, 2016 meeting in Kansas City, Missouri. These included highlighting the visibility of the MVDP on the website with a sliding banner; substantial simplification and revisions to the application and instructions, the description of the National Nexus Program (NNP), and the standard agreement form; and elimination of duplicative information. The work group also recommended publishing the participating states' lookback periods on the NNP website. That issue was discussed further at the Nexus Committee meeting on December 13, 2016, in Houston, Texas. The Nexus Committee approved for publication on the NNP website the list of participating states' lookback periods at its February 21, 2017 meeting conducted by telephone, and the list was published shortly thereafter.

### Membership

There are currently 38 participating states (including the District of Columbia) in the NNP, with Delaware having joined at the beginning of the 2017 fiscal year. Commission staff continues to reach out to non-members.

### Outreach

The NNP director presented on nexus issues and other state taxation issues on numerous occasions. These presentations are listed in section III. Staff continues to urge states to put a link to the NNP on their voluntary disclosure web pages.

### Nexus Schools

NNP staff co-taught a Nexus School in Montgomery, Alabama, on November 30 and December 1, 2016. Please let a member of the Commission staff know if your state would like to host a school.

### Amnesties

The NNP posts on its web page a list of upcoming and current state tax amnesties. Please inform NNP staff if you would like the Commission to post your state's amnesty.

### Staffing

The NNP presently has three full-time staff members and one part-time staff member. Eva Wu, who had been the part-time staff member with the NNP since January 2016, completed her studies at Georgetown University and ended employment with the Commission at the end of May 2017. Angie Molina, a senior at Georgetown University, started work as the part-time staff member with the NNP on July 5, 2017, and will be with the Commission through the end of August 2017.

## **C. Legal Division**

The legal division staffs two standing committees (Uniformity and Litigation) and provides support to the State Intercompany Transactions Advisory Service (SITAS) committee. The division also holds regular state tax attorney teleconferences; participates as speakers at conferences, symposiums and institutes; researches and writes articles on important state tax issues; and assists in teaching the Commission's corporate income tax and nexus training courses. The division provides individual state support on request by filing amicus briefs in state and federal courts; consulting in litigation matters; and reviewing draft statutes, regulations, and legal briefs. It also provides legal support for the Commission's audit division, training division, and general administration, including analysis of federal legislation affecting state taxation.

The legal division completed its work on amendments to the Commission's general allocation and apportionment regulations while work continues on the Section 18 regulatory project, which included edits to the MTC's apportionment regulations, as directed by the Executive Committee in response to the hearing officer's report and public comments on the amendments to the general allocation and apportionment regulations. It has also begun work on new projects, as decided during the March 2017 Uniformity Committee meetings. The projects include a revival of the Colorado-type sales and use tax reporting model project; broadening the existing partnership project to consider provisions that would allow for entity-level tax; and a possible revision to the Commission's Model Statute for Collection and Remittance of Lodging Taxes by Accommodations Intermediaries. In addition, the legal division is implementing a new method of staffing uniformity groups, which includes maintaining drafters' notes to provide clarity and assistance to states that adopt the models.

The legal staff also has filed *amicus* briefs in support of member states.

#### Uniformity Work

The legal division has staffed the following uniformity projects:

- Partnership Information Project
- Art. IV, Section 18 Work Group
- Amendments to General Allocation and Apportionment Regulations (resulting from Section 1 and Section 17 Work Groups)
- Model Sales and Use Tax Notice and Reporting Statute (review)
- Model for Collection and Remittance of Lodging Taxes by Accommodations Intermediaries (possible update)

#### Litigation Committee Work

The legal division supported the Litigation Committee by organizing and making presentations at the in-person meeting in Kansas City, Missouri, in July 2016, and the in-person meeting in San Diego, California, in March 2017. At the San Diego meeting, the Litigation Committee approved a "charter" outlining committee policies and procedures and created an *amicus* brief group. The legal division has provided coordination and support to that group. At both meetings, the division offered state attorney training sessions, which were well attended.

#### Legal Assistance to States

During the fiscal year, the legal division consulted with individual states regarding draft legislation, draft regulations, and significant on-going litigation strategy and briefs, including:

- *Amicus* brief in *Renzenberger, Inc. v. New Mexico*, before the New Mexico Court of Appeals, Docket No. A-0001-CA-2015-34999 (federal preemption)

- *Amicus* brief in *DMA v. Brohl*, before the U.S. Supreme Court on petition for certiorari, Docket No. 16-458 (use tax information reporting requirements)
- *Amicus* brief in *Utah State Tax Commission v. See's Candies*, before the Utah Supreme Court, Case No. 20160910-SC (application of I.R.C. Section 482-type authority)
- *Amicus* brief in *CSX Transportation v. Alabama*, before the 11th Circuit, Case No. 17-11705-G (federal preemption)

### Commission Support

The legal division provides support for the commission's general administration by addressing open meetings issues, maintaining confidentiality policies, handling records requests, researching and making recommendations for record retention policies, resolving lease disputes, reviewing contracts, and filing corporate registrations and reports. The division offered extensive analysis on draft federal legislation intended to mitigate the effect of *Quill* on collection of state use taxes and other draft federal legislation introduced at the start of the new administration. The division also provided legal assistance to the Commission's Joint Audit Program on a number of challenging audit-related issues. The division supported the Commission's training program by teaching at the November 2016 Nexus School in Montgomery, Alabama. In further efforts to provide quality service, the legal division continues its project to overhaul the MTC's training program, making it more comprehensive and accessible.

### **D. Policy Research**

The policy research director supports Commission efforts in addressing federal legislation with implications for state and local taxation, monitors state adoption of MTC model statutes, regulations, and guidelines. He is a member of the National Tax Association Advisory Board.

During this period the policy research director participated in the State Intercompany Transactions Advisory Service Committee training and information session in Indianapolis on October 5 and 6, 2016. He attended the Federation of Tax Administrators Revenue Estimating and Research Conference October 15 through 19, 2016, in Asbury Park, New Jersey. He consulted with Robert Ebel, former Chief Revenue Estimator, D.C. OCFO, on use of user charges to finance pay infrastructure debt and with Edith Brashears, U.S. Treasury on use of fulfillment companies to register small U.S. online retailers with OECD revenue agencies and collect VAT for these firms.

The policy research director hosted the Tax Economists breakfast forum at the Hall of the States on September 28, 2016, with John Hicks, Executive Director, NASBO, who discussed the Fiscal Condition of States.

The policy research director presented a paper with Professor Joann Weiner-Martens and John Alvarino of George Washington University for the National Tax Association Annual Meeting in Baltimore on November 10, 2016, on Comparison of Corporate Income

Taxation in the European Union and the U.S. States. The Presentation was included in the NTA's Papers and Proceedings of the Annual Meeting (<http://www.mtc.gov/getattachment/50452352-7fc4-43d3-a8e1-c4a28bc34d00/CCTB,-Brexit,-and-Unitary-Taxation.pdf.aspx>). He also wrote an article with intern Trevor Ahouse "Trends in State and Local Government Finance, 1960 to 2015" for the *Journal of Multistate Taxation and Incentives*. The article appeared in November/December 2016 issue and will be updated for the annual meeting in 2017.

The policy research director began organizing a session at the annual meeting of the National Tax Association on the role of user charges in financing infrastructure spending.

The policy research director participated in the following periodic local or online economic forums and seminars:

- Tax Economist Forum Breakfast: Using IRS data to measure income inequality, Jerry Auten, Treasury Dep't.; at Ernst & Young – August 3<sup>rd</sup>
- Tax Economist Forum Breakfast: OECD Tax Initiatives, Tom Neubig; at Center for American Progress – September 7<sup>th</sup>
- Tax Economists Forum Breakfast: Education Tax Credits, Caroline Hoxby, Stanford University; at Hoover Institution – September 22<sup>nd</sup>
- Tax Economists Forum Breakfast: Methods to Mitigate income Shifting, Jane Gravelle, CRS; at American Action Forum – October 26<sup>th</sup>
- American Enterprise Institute/International Monetary Fund: U.S. Corporate Tax Reform and Implications for the International System – November 14<sup>th</sup>
- Tax Economists Forum Breakfast: Federal Tax Reform and Impact on the States, roundtable discussion – December 1<sup>st</sup>
- Regional Economic Modeling Institute: (REMI): Impact of Border Tax Adjustment on the States – December 15<sup>th</sup>
- Tax Economists Forum Breakfast: Lily Batchelder, Behavioral Changes in Business Taxation – the Impact of Expensing – December 20<sup>th</sup>
- Tax Policy Center: State of the States: Budgeting in the Trump Era, Kim Reuben – January 26<sup>th</sup>
- REMI/National Association of Business Economists (NABE): Border adjustments, – February 2<sup>nd</sup>
- Tax Economists Forum Breakfast: Fiscal and Monetary Policy Changes During the Great Recession, Jamie Lenney, et. al., Federal Reserve Bank; at Ernst and Young – February 15<sup>th</sup>
- Tax Economists Forum Breakfast: Business Cash Flow Tax Data, Elena Pater and John McClelland, Treasury Department; at Wells Fargo – March 1<sup>st</sup>
- Tax Economists Forum Breakfast: Government Support for Higher Education Through the Tax System, Mark Robyn, Pew Charitable Trusts; at Hoover Institute – March 15<sup>th</sup>
- Tax Economists Forum Breakfast: Economic Effects of Border Adjustments; at American Enterprise Institute – April 26<sup>th</sup>

- National Tax Association Annual Spring Symposium and Board Meeting – May 18<sup>th</sup> and May 19<sup>th</sup>
- REMI Luncheon: Local Impacts of the Federal Budget – May 25<sup>th</sup>
- Tax Economists Forum Breakfast: Transition to Retirement Peter Brady; at Investment Company Institute – June 7<sup>th</sup>
- Tax Economists Forum Breakfast: Revenue Productivity of the Internal Revenue Code, Robert Strauss; at Hall of the States – June 13<sup>th</sup>
- REMI Policy Conference: Impacts of Federal Fiscal Policy on State Economies – several REMI Model users presenting; at American Gas Association – June 16<sup>th</sup> and June 17<sup>th</sup>
- Tax Economists Forum Breakfast: Do Mortgage Subsidies Help or Hurt Borrowers, David Rapaport Federal Reserve System; at Price Waterhouse Coopers – June 28<sup>th</sup>

Policy research intern Trevor Ahouse completed his internship in August. Policy research intern Amelia Wang assisted with the paper presented at the NTA meeting in November. Ms. Wang began working at the International Monetary Fund, March 1<sup>st</sup>. Henry Wearmouth, Mt. Royal College, Calgary, Alberta, began his internship on May 24, 2017.

#### **E. Legislative Division**

The legislative counsel and director:

- Monitors and analyzes federal legislation that affects states in collaboration with the legal division and the director of policy research director;
- Coordinates any Commission response to federal legislation;
- Educates congressional members and staff about the negative effects of preemption generally and with respect to specific bills;
- Answers questions from member states about federal legislation;
- Monitors state legislation, identifies trends, and consults with states when requested;
- Collaborates with other multistate and governmental organizations; and
- Represents the Commission on state and federal legislation to policy makers and the public

During this year the legislative counsel has proactively developed relationships with federal legislators and staff, including the four new members on the House Judiciary Committee, which has jurisdiction over all state-tax legislation. He also has maintained and strengthened relationships with other organizations such as the State Tax Task Force of the National Council of State Legislatures, the National Governor's Association, the Congressional Budget Office, as well as with the Commission's collaborative work with the Federation of Tax Administrators. He has had two meetings with Senate staff and six meetings with House staff about pending legislation and preemption generally and had a brief meeting with a House member (before his resignation) who is deeply involved in the

remote use tax collection issue. He also assisted in the preparation of a letter to members of the House Judiciary Committee regarding the Mobile Workforce State Income Tax Simplification Act.

The legislative counsel created and maintains a public page on the Commission's website (<http://www.mtc.gov/Resources/Legislation>) to view legislative reports. The website updates every two hours for federal bills and daily for state legislation and contains reports, summaries, and analyses of federal and state bills. He has been a panelist and attendee at several meetings of outside organizations, which are listed in section III.

Significant federal bills introduced in the 115<sup>th</sup> Congress include:

- *No Regulation Without Representation Act of 2017* (H.R.2887); referred to the House Committee on the Judiciary. This bill would prohibit a state from enacting any law, regulation, or policy that affects any other state or its residents. It applies beyond tax law.
- *Mobile Workforce State Income Tax Simplification Act of 2017* (H.R.1393); approved by the House in a 'suspension of the rules' voice vote ('suspension' is supposed to be reserved for uncontroversial bills). H.R.1393 is pending in the Senate Committee on Finance. A subcommittee of Senate Finance held hearings on the Senate companion bill, S.540.
- *Mobile Workforce State Income Tax Simplification Act of 2017* (S.540); referred to Senate Committee on Finance. See H.R.1393, above.
- *Remote Transactions Parity Act* (H.R.2193); referred to Subcommittee on Regulatory Reform, Commercial And Antitrust Law of the House Committee on the Judiciary; no hearings or action since referral on May 5, 2017.
- *Marketplace Fairness Act of 2017* (S.976); referred to Senate Committee on Finance; hearing held by Senate Committee on Banking, Housing, and Urban Affairs. Permits member states of the Streamlined Governing Board (SGB) to require remote vendors to collect use tax on behalf of their state's citizens; allows states not members of the SGB to require remote vendors to collect use tax on behalf of their citizens when they enact enumerated simplifications to their sales and use tax laws.
- *MOBILE NOW Act of 2017* (S.19, Sec.20), formerly *Wireless Telecommunications Tax and Fee Collection Fairness Act*; approved by House Committee on the Judiciary and now on Senate Legislative Calendar No. 17 (available for Senate floor consideration); Sec.20 is unrelated to the rest of S.19; it preempts state tax authority over certain mobile wireless communication; we do not know how far the preemption extends because the definition of preempted activity is unclear; it requires original jurisdiction in federal district courts notwithstanding the Tax Injunction Act.
- *End Discriminatory State Taxes for Automobile Renters Act of 2017* (H.R.2024 and companion S.1159); the House Committee on the Judiciary referred it to a subcommittee on May 1, where there has been no action; in the Senate it resides without action in the Committee on Finance. The bills would prohibit taxation of automobile rentals at a rate higher than the general sales tax rate.

## **F. Training**

The Training staff supported the following activities since July 1, 2016:

### Statistical Sampling for Sales and Use Tax Audits

September 19-22, 2016, in Wheat Ridge (Denver area), Colorado, for 9 participants from the City of Wheat Ridge, the City of Denver, and the Colorado Department of Revenue.

### Computer Assisted Audit Techniques Using Excel

October 18-19, 2016, in Hoover (Birmingham area), Alabama, for 22 participants from the Alabama Department of Revenue and the South Carolina Department of Revenue.

### Nexus School

November 29-December 1, 2016, in Montgomery, Alabama, for 24 participants from the Alabama Department of Revenue, the Idaho State Tax Commission, the Iowa Department of Revenue, and the Oregon Department of Revenue.

### Statistical Sampling for Sales and Use Tax Audits

May 16–19, 2017, in Sioux Falls, South Dakota, for 24 participants from the Colorado Department of Revenue, the Minnesota Department of Revenue, the South Carolina Department of Revenue, and the South Dakota Department of Revenue.

The events and training staff were the principal coordinators of the 49<sup>th</sup> Annual Conference and Committee Meetings in Kansas City, Missouri. Excellent onsite support was provided by Beth Whaley and Laura Lewis with the Missouri Department of Revenue. The events and training staff have been the principal coordinators of the 50<sup>th</sup> Annual Conference and Committee Meetings in Louisville, Kentucky, and in securing space for the MTC Staff Retreat and Auditor Training in August 2017.

Wanda Dorsey-Jenkins returned on a part-time basis, as an events and training coordinator, to assist the events and training manager in handling registration, administrative and logistical support for all MTC meetings and training courses.

The events manager has participated in a number of professional development webinars and local educational meetings/conferences to sustain her Certified Meeting Professional (CMP) designation and her Certified Government Meeting Professional (CGMP) designation.

## **II. Administration**

In September Wanda Dorsey-Jenkins returned to a part-time position assisting Sherry Tiggett with planning for committee meetings and training.

Ali Pazand joined the audit staff on October 1 as an income tax auditor. Ali had worked as an auditor with the New Mexico Taxation and Revenue Department since 2013.

On October 1, Renee Lee joined the legal department in a paralegal position. Previously Renee had worked in administrative legal positions with the District of Columbia and with Prince George's County, Maryland.

Lila Disque was promoted effective October 1 to the deputy general counsel position within the legal division. Lila has worked for the MTC since January 2013. There had not been a deputy general counsel at the Commission for a number of years.

Kathy Owens, senior sales tax auditor, retired on December 31, 2016. Kathy had worked for the Commission since December 1993.

Virginia (Kay) Mick joined the income tax audit program in January 2017. Kay comes to us from the state of West Virginia.

Nick Polimeros was promoted to senior income tax auditor effective March 1, 2017. Nick has worked for the Commission since February 2012.

Eva Wu, part-time staff member with the NNP since January 2016, completed her studies at Georgetown University and ended employment with the Commission at the end of May 2017.

Henry Wearmouth, a student at Mount Royal University in Calgary, Alberta, is working this summer with Elliott Dubin, MTC's Director of Policy Research. Henry is updating a previously published article, "Trends in State and Local Finances: 1960 to 2015" by extending the information contained in that article to 2017. Henry came to the MTC via The Washington Center for Internships and Academic Seminars. Henry will be a senior in the coming school year and is majoring in Policy Studies.

Angie Molina, a senior at Georgetown University, started work as part-time staff member with the NNP on July 5, 2017, and will be with the Commission through the end of August 2017.

Following the implementation of the MTC's record retention policy on November 30, 2016, staff have made significant progress in disposing of off-site paper records in accordance with the provisions of this policy. As of now the majority of the paper records stored off-site are those needing to be retained in accordance with periods stipulated in the record retention policy: completed taxpayer audits, accounting records, payroll records, and voluntary disclosure cases. The implementation of the record retention policy and the purging of unneeded paper records will result in the reduction of annual storage costs for the Commission.

### III. Outside Presentations & Events

The following are the programs, conferences, and other events of outside organizations at which members of the staff represented the Commission during the reporting period:

#### JULY

- FTA Training for Management, Lean, and Plain Language; Indianapolis, Indiana (Matson)
- NYU Summer Institute in Taxation: Intermediate State & Local Taxation; *A View From the State Tax Administrators* (Matson, panelist); New York, New York
- Institute of Professionals in Taxation Annual Conference; *A Voyage Review of the MTC* (Shimkin, panelist); San Diego, California

#### AUGUST

- Georgetown 39<sup>th</sup> Annual Advanced State and Local Tax Institute; *Taking Advantage of State Audit Programs and Early Resolution Initiatives* (Getschel, panelist); *Protecting Taxpayers' Confidential Information* (Hecht, panelist); Washington, D.C. (Shimkin)
- 2016 MSATA Conference; Des Moines, Iowa (Matson)
- NCSL Executive Committee Task Force on State and Local Taxation meeting; Chicago, Illinois (Shimkin)

#### SEPTEMBER

- NYU Law School's State and Local Tax Career Night; New York, New York (Hecht, panelist)
- IPT 2016 Sales Tax Symposium; *How the Economic Climate Impacts Decisions Made by Legislatures and Department Employees* (Stranburg, panelist); Indianapolis, Indiana
- 2016 WSATA Conference; *Partnership Tax Issues* (Fort, panelist); *Updates from FTA and MTC* (Stranburg, panelist); Scottsdale, Arizona
- 2016 NESTOA Conference; *MTC Joint Audit Program: What It Is, How It Works, and What Difference It Makes* (Matson); *Hottest Topics in State Taxation* (Hecht, moderator); *Sales Tax Potpourri* (Shimkin, panelist); Hershey, Pennsylvania
- National Marine Manufacturers Association; *Current Income Tax Nexus Issues for Small Manufacturers* (Cram, panelist); Washington, D.C.

#### OCTOBER

- Greater Washington Society of CPAs; *Sales Tax Basics for Non-Profit Organizations* (Cram); Washington, D.C.
- Streamlined Sales Tax Governing Board Meeting; *MTC Analysis of the Online Sales Simplification Act* (Cram); Atlanta, Georgia
- Crowell & Moring's Managing Tax Audits & Appeals Seminar 2016; *Multistate Tax Commission's Transfer Pricing Initiative* (Stranburg); Washington, D.C.

- D.C. Bar State and Local Tax Committee Lunch; *National State Tax Legislative Update and Outlook*; Washington, D.C. (Matson, Shimkin)
- COST's 47th Annual Meeting; *Radical Views on the Nation's Most Significant Tax Policy Issues: Debate Forum* (Hecht, panelist); Las Vegas, Nevada
- 23rd Annual Paul J. Hartman State and Local Tax Forum; *This Little Piggy Cried Wee, Wee, Wee All the Way Home* (Hecht, panelist); *Whither Quill/Due Process Clause* (Fort, panelist); *Transfer Pricing – MTC ALAS Project* (Stranburg, panelist); *Nexus: What's New?* (Stranburg, panelist); Nashville, Tennessee (Matson)
- Michigan Tax Conference; *The Personal Perspectives of Three Tax Stars* (Hecht, Panelist); Detroit, Michigan

#### NOVEMBER

- New York State Society of CPAs State Taxation Conference; *Income Tax Nexus Developments and the Multistate Voluntary Disclosure Program* (Cram); New York, New York
- National Tax Association Annual Meeting; *Comparison of Corporate Income Taxation in the European Union and the U.S. States* (Dubin); Baltimore, Maryland
- New England State and Local Tax Forum (Matson)
- NCSL Executive Committee Task Force on State and Local Taxation meeting; Dana Point, California (Shimkin)
- AICPA National Tax Conference; *State and Local Presentation* (Hecht); Washington, D.C.
- National Conference of State Legislators, *Implications of Federal Tax Reform* (Hecht, panelist); Washington, D.C.

#### DECEMBER

- NYU 35<sup>th</sup> Institute on State and Local Taxation; *Ethical Challenges for State Tax Professionals in an Era of Transparency* (Matson, Panelist); New York, New York

#### JANUARY

- NYU SALT Luncheon Group; *Tax Nexus Law Developments and the Multistate Voluntary Disclosure Process* (Cram); New York, New York
- NCSL Executive Committee Task Force on State and Local Taxation meeting; *Uniformity with Reporting Federal Audit Adjustments to States* (Shimkin, panelist), Scottsdale, Arizona
- FTA Midwinter and New Commissioner Meeting (Matson, Stranburg, Hecht); New Orleans, Louisiana
- Ohio Tax Conference; *Major National Issues in Business Taxation* (Stranburg, panelist); Columbus, Ohio
- ABA SALT Committee Meeting; *Factor Presence Nexus* (Cram, Panelist); Orlando, Florida
- New York State Bar Tax Section; *Developments in Market Based Sourcing* (Laskin, Panelist); New York, New York

## FEBRUARY

- Georgetown State and Local Tax Institute Advisory Board Planning Committee Retreat; Washington, D.C. (Matson)
- FTA Compliance and Education Workshop; *Audit Sampling Session* (Jennings, panelist) ; Atlanta, Georgia (Getschel)
- Cornell SALT Study Group; *Tax Nexus Law Developments and the Multistate Voluntary Disclosure Process* (Cram); New York, New York
- Boston Bar Association; *Discussion of State Tax Cases, Issues & Policy Matters to Watch* (Fort, panelist), Boston, Massachusetts

## MARCH

- Hartman State and Local Tax Forum Advisory Board Meeting; Palm Beach, Florida (Matson)
- ABA/IPT Advanced Sales and Use Tax Seminar; *Nexus Today – Overturning Quill?* (Cram, panelist); New Orleans, Louisiana
- ABA/IPT Advanced Income Tax Seminar; *A Lively Debate* (Hecht, panelist); New Orleans, Louisiana
- Prosper Show; *Income and Sales Tax: Compliance Risks for Amazon FBA Sellers* (Cram); Las Vegas, Nevada

## APRIL

- COST's 2017 Spring Audit Session/Income Tax Conference; *RARs and Final Determinations* (Hecht, panelist); Wild Horse Pass, Arizona
- NYU SALT Luncheon Group; *MTC Update* (Matson); New York, New York
- 14th Annual New Mexico Tax Research Institute Tax Policy Conference; *E-Commerce, Remote Sales, Amazon Laws, and DMA* (Hecht); *Developments in State Taxes* (Hecht, panelist); *Debate on Emerging State Tax Issues* (Hecht, moderator); Albuquerque, New Mexico
- Ernst & Young 12<sup>th</sup> Annual Domestic Tax Conference; *Roundtable with State and Local Tax Government Officials* (Matson, panelist); New York, New York

## MAY

- Ernst & Young 12<sup>th</sup> Annual Domestic Tax Conference; *Roundtable with State and Local Tax Government Officials* (Stranburg, panelist); Chicago, Illinois
- Ernst & Young State Tax Quarterly Webcast (Hecht, Matson); Washington, D.C.
- D.C. Bar State and Local Tax Committee; *End of Year SALT Roundtable* (Hecht, Matson); Washington, D.C.
- National Tax Association Annual Spring Symposium and Board Meeting (Dubin); Washington, D.C.

## JUNE

- Bloomberg BNA Practical Applications of Transfer Pricing Concepts; Washington, D.C. (Matson, Stranburg, Getchel, Felix)

- Federation of Tax Administrators Annual Meeting; *Review of Legal Cases* (Fort, panelist); *Partnership Audits: Understanding and Dealing with the Change* (Hecht, panelist); *Challenges of the New (Home-and-Ride) Sharing Economy* (Cram, panelist); Seattle, Washington (Matson, Disque)
- Florida Institute of Certified Public Accountants Mega CPE Conference; *MTC Focus and Trends* (Stranburg, panelist); Kissimmee, Florida

### **Technology Addendum**

Progress in developing a state contact portal has not been without issues. The code used to create the contacts in Exchange 2010 does not function fully and the vendor has seemingly abandoned the project. We may need to consider looking elsewhere for a contact portal solution.

The changes that were requested to the audit history database have been made and testing has been completed. The programmatic issues that we identified were addressed by Yoodle (our website hosting company). The audit director and network administrator have a list of future updates and adjustments that need to be made. A scope of work and quote are in the works currently.

The migration of the National Nexus Program (NNP) application continues. The guidance provided by RSI resulted in a partial migration of the VDK Application. The network administrator will continue to troubleshoot the issues that are not working. A support agreement will be drawn up by the network administrator for time and materials, similar to ones that we have had in the past. This should allow for the network administrator to get direct support from RSI. The network administrator and the NNP director still need to identify requirements for updating the online VDK Application. The network administrator is willing to work with any of the states that have a successful online VDK application to help develop requirements.

The VMWare system has been upgraded. New servers and a new storage unit have been purchased and will be configured and put in place very soon. The new equipment provides more processors, more memory, and more redundant storage. Once this equipment is in place, all virtual machines will be migrated to them.

The network administrator and Cleo have finished installation and configuration of the Unify portion of the installation. Unify is the secure file sharing portion used to securely share files that are too large for email. The remaining set up required is for the JetSonic client install on remote user's laptops. This will provide high speed file transfer for auditor files back to the D.C. office where it can then be backed up. The Network Administrator has attended and successfully completed a Cleo Harmony Administration class.

The remote access issues have been corrected on the Checkpoint firewalls. Access is still required between the Chicago and D.C. office in order for backup data from D.C. to be replicated to the Chicago office.

The New York office has been closed. The backup server and domain controllers that were in that office have been gracefully decommissioned and all data has been preserved. The data from the New York office is currently on a server in the D.C. office. Additionally, the copier that was in the New York office was moved by the copier company to the D.C. office and is being used by the NNP.

In addition to the new A/C unit in the Data Center, the Commission has purchased a two ton spot cooler that will be used in emergency situations when the A/C unit is down for maintenance or repair.

The normal maintenance of server hardware in the various offices occurs on a regular basis through on-site visits by the network administrator.