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National Nexus Program (NNP) Director's Report for FY 2017
July 31, 2017
Galt House Hotel
140 N. Fourth Street
Louisville, Kentucky 40202

United We Stand, Divided We Fall
1792

Multistate Voluntary Disclosure Program (MVDP)

The FY 2017 (July 1, 2016 to June 30, 2017) results are strong—but did not reach the FY 2016 results. The average value of disclosures this fiscal year has decreased slightly from last fiscal year.

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

The amount of \$25,374 was collected for a non-member state, although voluntary disclosure applications for non-member states are no longer accepted. The amounts reported include funds received by the Commission and forwarded to the states 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 work on 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 Nexus Program, and the standard agreement form, as well as elimination of duplicative information. The Work Group also recommended publishing the participating states' lookback periods on the Nexus Program website and developed a draft document disclosing participating states' lookback periods, which the Nexus Committee approved at its December 13, 2016 meeting in Houston, Texas. The draft state lookback period spreadsheet was circulated to the participating states to confirm its accuracy. The Nexus Committee met by teleconference on February 21, 2017 and approved the final state lookback period spreadsheet for publication on the Nexus Program website, which has now been accomplished.

Membership

There are currently thirty-eight participating states (including the District of Columbia) in the National Nexus Program, with Delaware having joined at the beginning of FY 2017. Commission staff continues to reach out to non-member states.

Outreach

Richard Cram presented on sales tax basics for non-profits organizations and the MVDP to the GWSCPA in Washington, D.C. on October 11, 2016. Richard presented on income tax nexus developments at the NYSSCPA New York State Taxation Conference in New York City on November 8, 2016. He presented on MTC activities nexus law developments on January 12, 2017 to the NYU State and Local Tax Study Group in New York City. He participated on a panel discussing factor presence nexus at the ABA SALT Committee meeting in Orlando, Florida on January 20, 2017. Richard presented on tax nexus law developments and the MVDP on February 16, 2017 to the Cornell State and Local Tax Discussion Group in New York City. He participated on a panel discussion of anti-*Quill* legislation and litigation in the states at the ABA Tax Section meetings in New Orleans, Louisiana on March 21, 2017. He presented on nexus and compliance issues for Amazon FBA sellers and the MVDP on March 22, 2017 at the Prosper Show in Las Vegas, Nevada. Richard participated on a panel discussing "State Taxation of the Sharing Economy" at the FTA Annual Meetings in Seattle, Washington on June 13, 2017.

Participating states are urged to put a link to the NNP on their voluntary disclosure web pages to increase the visibility of the MVDP.

Streamlined Sales Tax Voluntary Disclosure Project

Richard attended the State and Local Advisory Council (SLAC) and Streamlined Sales and Use Tax Agreement, Inc. (SSUTA) Governing Board meetings in Atlanta, Georgia on October 12-14, 2016. Work continued on the project to require disclosure of how member state voluntary disclosure programs will treat registration of a new remote retailer in the SSUTA centralized registration system, which registers that retailer in the member states for sales/use tax, when that retailer may also wish to apply for voluntary disclosure in those states. The project is intended to encourage states to allow sellers to register through the centralized registration system without this jeopardizing eligibility for voluntary disclosure. The SLAC workgroup has developing a draft "disclosed practice" to add to the taxability matrix for member states to indicate how a retailer's registration in the SSUTA centralized registration system may affect eligibility for voluntary disclosure in that state. Richard participated in the development of the disclosed practice. The SLAC met on March 6-7, 2017 in Tucson, Arizona to consider recommending this proposal to the Governing Board for approval at its next meeting. The proposal was approved by the Governing Board at its meeting in Bismarck, North Dakota on May 10-11, 2017.

Nexus School

NNP staff co-taught a Nexus School in Montgomery, Alabama on November 30 and December 1, 2016. Georgia Department of Revenue will be hosting a Nexus School on September 20-21, 2017 in Atlanta, Georgia. Registration information is posted on the MTC website. Please let a member of the Commission staff know if your state would like to host a school.

State Tax Amnesty Programs

Pennsylvania's amnesty program commenced on April 21, 2017 and ended on June 19, 2017.

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

Staffing

The NNP presently has three full-time staff members and one part-time staff member: Richard Cram, Director; Diane Simon-Queen, Voluntary Disclosure Program Manager; Michelle Lewis, Paralegal; all full-time, and Angie Molina, Administrative Assistant, who is part-time and a senior at Georgetown University, working sixteen hours per week, assisting with processing voluntary disclosure applications, as well as filing and data entry work. Eva Wu, who has been a 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 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.

Richard Cram
Director, National Nexus Program