

Nexus Committee Agenda

Wednesday, March 11, 2015 * 1:00 – 5:00 P.M. Central Time
Intercontinental Kansas City at the Plaza Hotel * Kansas City, Missouri
– *Salus populi suprema lex esto* –
1821

Open (Public) Session

State government personnel and members of the public may attend the public session either in person or by teleconference. To participate by teleconference, please dial (1) 800-264-8432 or (1) 719-457-0337 and enter participant code 149611. There is no security code. The closed session is available only to state-government personnel.

Members of the public wishing to address the committee are welcome to do so during Public Comments and when the committee turns its attention to the subject of the comment.

- I. Welcome and Introductions
- II. Review of Agenda
- III. Review of Open-Session Minutes of December 10, 2014 (Nashville)
- IV. Public Comment
- V. Nexus Director's Report
- VI. Strategic Planning Process
 - a. Progress report and discussion of Membership Project, including discussion of responses obtained by Nexus Committee representatives from their respective states to questions relating to National Nexus Program membership
 - b. Progress report and discussion of Multistate Voluntary Disclosure Project
 - c. Discussion of project proposals related to "the vitality and reputation of the Commission"
 - d. Next steps
- VII. New Business
- VIII. Closed Session (state personnel only)
- IX. Report from Closed Session
- X. Adjourn

For more information about this meeting, please contact Thomas Shimkin, Director of the National Nexus Program, Multistate Tax Commission, 444 North Capitol Street, N.W., Suite 425, Washington, D.C. 20001 * (202) 695-8139 * Tshimkin@mtc.gov

Nexus Committee

**Nexus Director's
Report**



Nexus Director's Report To Nexus Committee

March 11, 2015

This report updates the Nexus Committee on activity of the National Nexus Program from July 1, 2014 until February 24, 2015. (The Commission produces reports cumulatively over each fiscal year beginning on July 1 and updates over the fiscal year until the final report of the fiscal year that is presented at the committee's July meeting the following calendar year.)

Multistate Voluntary Disclosure

Statistics for partial FY 2015 (July 1, 2014 – February 24, 2015):

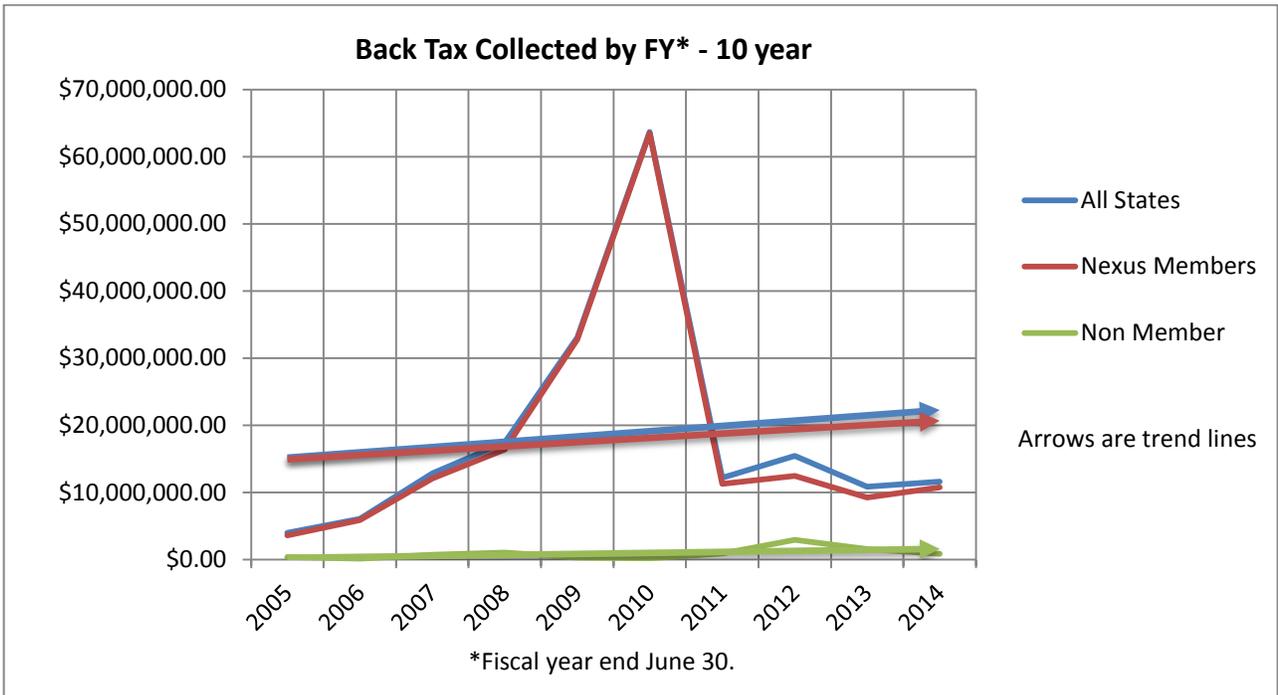
- Nexus states' collections: \$ 4,366,888 (\$10,757,075 in all FY 2014)
- All states' collections: \$ 5,792,997 (\$11,606,862 in all FY 2014)

- Nexus states' executed contracts: 360 (2,222 in all FY 2014)
- All states' executed contracts: 432 (2,704 in all FY 2014)

- Nexus states' average contract value: \$ 12,130 (FY 2014: \$4,841)
- All states' average contract value: \$ 13,409 (FY 2014: \$4,292)

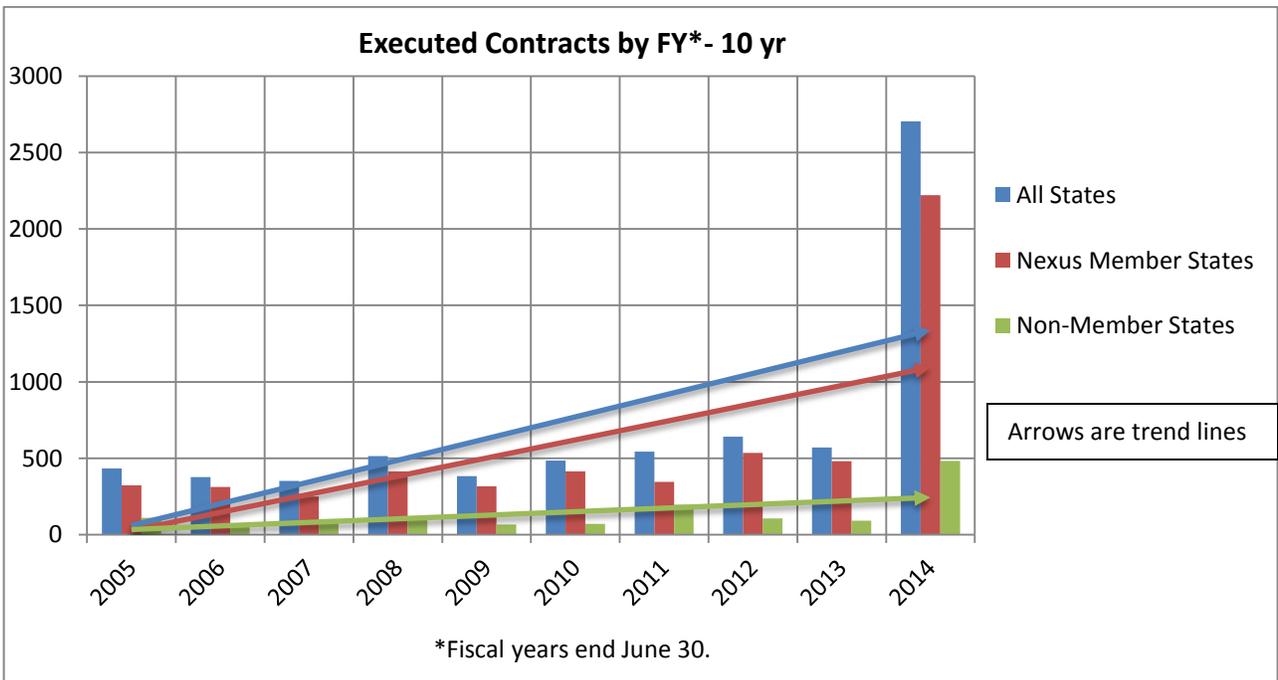
Please note that the numbers of contracts and dollars collected for non-member states will be eliminated by the end of fiscal year 2015 on account of having stopped accepting new voluntary disclosures on July 1, 2014 from non-member states. The numbers here reflect disclosures that were in process before July 1.

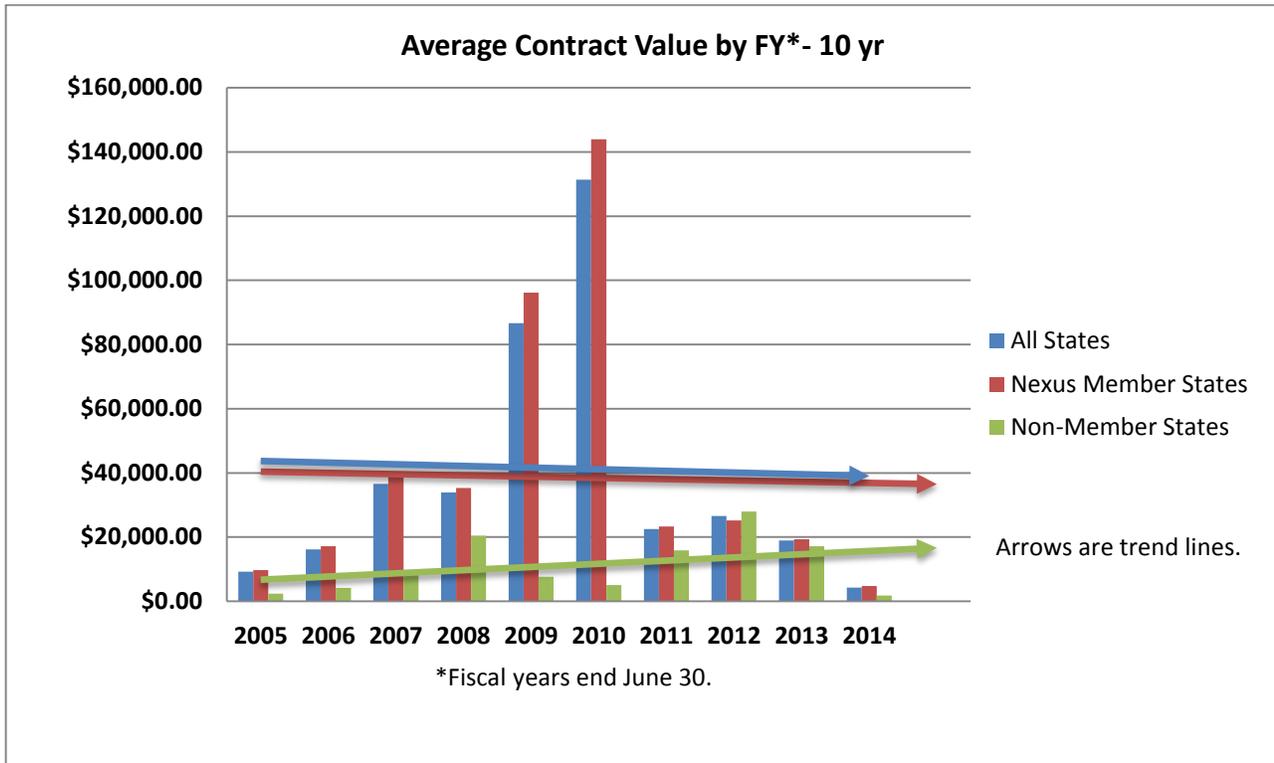
The following charts on the next page provide context over a 10-year period.



In the preceding chart, the large spike in revenue recovered in FY 2009 and FY 2010 is due to a single taxpayer. Such large taxpayers come forward occasionally; their appearances cannot be predicted, other than that there will be more eventually.

Please note that the large increase in processed disclosures in 2014 is due to a single tax representative who represented up to one hundred fifty individual taxpayers per state to twenty-six states as part of a single disclosure File. Extreme volumes occur occasionally. Diane Simon-Queen of the Nexus staff did an outstanding job processing these timely and accurately.





Strategic Planning

The Nexus Committee decided at its January 8, 2014 teleconference to pursue strategic planning in accordance with the Commission's overall strategic planning, which has been under way for about three years. With the assistance of consultant Elizabeth Harchenko, the Nexus Committee has:

1. Approved its Environmental Scan (identifies SWOT – current strengths, weaknesses, opportunities, and threats (see appendix);
2. Approved its Mission, Vision, and Goals (MVG) (see appendix); and
3. Approved two projects to further the MVG.

The two projects are:

1. Increase membership by identifying barriers to membership; explore avenues to give member states a fuller appreciation of the benefits of membership; and
2. Identify improvements to the NNP's multistate voluntary disclosure process.

Each project has a project team composed of volunteers from the Nexus Committee. The teams work between meetings of the Nexus Committee to advance the projects and to identify decisions for the full committee.

The committee anticipates completing the first project by July 2015 and began substantive work on the second project in January 2015.

Status of Membership Project

Nexus Director's Report to Nexus Committee - Open Session
March 11, 2015

Currently there are thirty-seven member-states (including the District of Columbia).

The Membership project team has contacted personnel in non-member states to discuss reasons for not joining, or for having withdrawn, and similar issues.

At the Nexus Committee meeting in Nashville on December 2014, Chairman Lennie Collins posed to the committee participants certain questions designed to elicit information on how state members have benefitted from the Nexus Program, how the program could better assist states, and what attracted the states to join it. The Chairman asked that the representatives, upon their return to their states, direct those questions to those in their respective departments who were in the best position to answer them, and to come to the March 11 Nexus meeting to discuss the responses. A copy of the questions can be found in the Appendices; please see Nexus Director Thomas Shimkin's e-mail dated Tuesday, February 10, 2015.

Monthly teleconferences of the project team are planned through July 2015, with a final report to be submitted at the MTC's Annual Conference in Spokane in July 2015.

Status of Improve Multistate Voluntary Disclosure Program Project

The project team has been meeting monthly and continues its review of the NNP's Multistate Voluntary Disclosure process to identify areas for potential improvement. Team members have contacted practitioners to get feedback, and have asked the states for their comments on how the process works for them.

A meeting of the project team is scheduled for Thursday, March 12, 2015, 8:30 a.m. to noon, in Pavilion II at the Intercontinental Kansas City at the Plaza, Kansas City, Missouri. A copy of the agenda is appended to this report.

Steering Committee Call for Proposals Related to Strategic Goal Area of "the Vitality and Reputation of the Commission"

The two ongoing Nexus Committee strategic planning projects – Membership Project and Improve Multistate Voluntary Disclosure Program Project – both support the strategic goal area, "Vitality and Reputation of the Commission."

As stated in the committee-approved project description for the Membership Project, "The program goals related to the vitality and reputation of the program and engagement of the states can be achieved by attracting as many of these states as possible to join the program." The Improve Multistate Voluntary Disclosure Project, which seeks to improve the major program and activity of the NNP, arguably supports the same strategic goal.

Technology

The NNP and information technology (IT) staffs continue to work with a software vendor to maintain and upgrade the NNP's technology. Technological efficiencies are critical given the program's small staff and the large number of disclosures (about 2,700 last fiscal year).

Voluntary Disclosure Reports

The vendor and Commission staff have verified the accuracy of voluntary-disclosure reports, documented the source of their data, and documented on the face of the reports precisely what data they provide. All prior reports given to the Nexus Committee were accurate, but we did not fully understand how the data were computed.

The next project is to revamp the online application for voluntary disclosure. Designed in 2007, it needs to be re-written to work well with contemporary browsers. The work-around is to submit multiple PDF or Word files. We are working with the Commission's web team to create a fill-in PDF as an option to apply for multistate disclosure.

Staffing

The National Nexus Program employs slightly more than four FTEs (full-time employee equivalents). Staff includes voluntary-disclosure processors Diane Simon-Queen and Michelle Lewis; associate director Ben Abalos; and director Thomas Shimkin. The NNP began last fall to hire a temporary worker (temp) for up to eighty hours to do paper filing and data entry. We intend to bring in a temp thrice annually going forward. To save money we hired temps without a temp agency intermediary; this has worked out well for both the Commission and the temps.

Diane and Michelle work almost exclusively on the administrative processing of disclosures. Ben teaches Nexus School, answers taxpayer questions about voluntary nexus and voluntary disclosure, processes a small number of disclosures, makes outreach presentations, staffs strategic planning, works with the Commission's IT department and a software vendor to make needed repairs and updates to voluntary disclosure technology, and assists Thomas generally with management of the NNP. Thomas has management and supervisory responsibility for the National Nexus Program, which includes personnel, keeping up to date on nexus law to answer questions from taxpayers, advise states, and assist the Legal Division on selected projects; reviewing disclosure applications and contracts for legal and policy issues; fielding initial contacts with voluntary disclosants and trouble-shooting their disclosures; maintaining relationships with taxpayers and states; staffing the Nexus Committee, ensuring uniformity of NNP policy and procedures; encouraging states to remain uniform in their voluntary disclosure policies; and making outreach presentations to taxpayer groups about the Commission and the NNP.

Meeting Schedule of Nexus Committee

The next scheduled meeting of the Nexus Committee will be on Tuesday, July 28, 2015, (time to be determined) in Spokane, Washington.

Nexus School

Nexus staff taught schools in:

- Little Rock on September 15 -16, 2014,
- Trenton on November 13 - 14, 2014,
- Prattville (near Montgomery) on February 2 - 3, 2015.

Outreach Speaking Engagements

Staff member Ben Abalos made a presentation at a Vertex conference in New Orleans on October 27, 2014. He gave an overview of the Multistate Tax Commission's activities with a focus on the National Nexus Program.

Request for Web links

Please consider adding a link to the Commission's voluntary disclosure page if your state does not yet have one. Links from states' web pages, as well as referrals after a state audit, are a small but important source of applicants. The link should read along the line of,

"For voluntary disclosures involving more than one state you may contact the Multistate Tax Commission's National Nexus Program for a streamlined, multistate disclosure process: www.mtc.gov or Nexus@mtc.gov or (202) 695-8140."

APPENDICES

- List of questions for Nexus Committee representatives to pose to their states
- Agenda of Improve Multistate Voluntary Disclosure Program Project Team's meeting scheduled for Thursday, March 12, 2015 in Kansas City, Missouri
- Recent Nexus developments (From July 1, 2015 to present)

From: Thomas K. Shimkin
Sent: Tuesday, February 10, 2015 2:35 PM
Subject: NNP Membership Project

Dear Members of the Nexus Committee:

I send this email at the request of Chairman Lennie Collins. At the meeting in Nashville in December, members talked a bit about the project to increase membership in the NNP that we are currently working on (distinguish from the other project, to improve voluntary disclosure). The conversation was brief because committee members felt that they needed more information from their departments before they could participate knowledgeably.

The committee postponed further discussion pending members' consultations within their departments to answer three questions –

1. Which of the National Nexus Program services has most benefited your state?
 - Multistate voluntary disclosure service
 - Information sharing through committee meetings
 - Support with legal issues
 - Nexus training
2. How could the National Nexus Program better assist your state in its nexus compliance efforts?
3. If your state has recently become a member of the National Nexus Program, what attracted you to join?

Will you please –

1. Send written answers to these questions to me no later than March 2 (Tshimkin@mtc.gov); and
2. Attend the meeting on March 11 ready to discuss these questions and generally how to attract new members to the NNP.

I will compile your written responses into a document for the committee and the project team. It would be helpful that you write "Three Answers" in the subject line.

Strategic planning is on the agenda. The committee will dedicate a good deal of time to this discussion. Please bring your answers to the three questions and your other ideas to the meeting. *Your readiness to participate is critical to the success of this project.*

Thank you very much! The time you take on this project will help improve your National Nexus Program.

~ Tom

Thomas K. E. Shimkin
Director, National Nexus Program
Multistate Tax Commission
444 North Capitol Street, Suite 425
Washington, DC 20001
(202) 695-8139 * Tshimkin@mtc.gov

**NEXUS COMMITTEE
IMPROVE MULTISTATE VOLUNTARY DISCLOSURE PROGRAM
PROJECT TEAM**

MEETING

PUBLIC NOTICE AND AGENDA

**THURSDAY, MARCH 12, 2015
8:30 a.m. to Noon, Central Time
KANSAS CITY, MISSOURI**

The Nexus Committee Improve Multistate Voluntary Disclosure Program Project Team will meet at the Intercontinental Kansas City At The Plaza hotel, 401 Ward Parkway, Kansas City, Missouri, 64112 on Thursday, March 12, 2015 from 8:30 a.m. to Noon, Central Time. The purpose of this meeting is to continue the review of the NNP's Multistate Voluntary Disclosure process and identification of areas for potential improvement.

The meeting is open to the public. Interested persons may also access the meeting by phone by dialing 1-800-264-8432 or 1-719-457-0337, then entering the participant code: 149611. There is no security code.

- I. Review of Agenda and Introductions
- II. Public Comment
- III. Project Work for March 12, 2015 Meeting in Kansas City, MO
 - a. Review feedback from states and taxpayer representatives
 - b. Continue review of the NNP's Multistate Voluntary Disclosure process
- IV. Next Steps and Scheduling of Future Meetings
- V. Adjournment

For more information about this meeting, please contact Ben Abalos, Associate
Director, National Nexus Program, Multistate Tax Commission, 444 North
Capitol Street, N.W., Suite 425, Washington, D.C. 20001
(202) 695-8141 * babalos@mtc.gov

PLACEHOLDER -

[Nexus Director Thomas K. Shimkin compilation from various sources of recent (July 1, 2014-present) developments in Nexus]

Nexus Committee

Minutes for Approval

(Past meeting: Nashville, 12/10/2014)



Multistate Tax Commission (MTC)
Nexus Committee Minutes - OPEN SESSION
 December 10, 2014
 Nashville, Tennessee



Participants:

| State | Name |
|-------------------------------------|---------------------------|
| AL Department of Revenue | Holly Coon |
| | Michele Mayberry |
| | Rouen Reynolds |
| AR Department of Finance & Admin. | Deanna Munds-Smith |
| CO Department of Revenue | Dennis Lima* |
| CT Department of Revenue | Kathryn Lewis |
| | Andrea Taylor |
| DC Office of Tax & Revenue | Aaishah Hashmi |
| | Charles Wilson |
| FL Department of Revenue | Maria Johnson |
| GA Department of Revenue | Steven Alvarez |
| | Anita DeGumbia |
| ID State Tax Commission | Randy Tilley* |
| | Steve Wynn |
| KY Department of Revenue | Marcia Oakman |
| | Donald Richardson |
| LA Department of Revenue | J. A. Cline |
| Comptroller of MD | Monica Best James |
| MO Department of Revenue | Wood Miller |
| | Esta Zaring* |
| MT Department of Revenue | Lee Baerlocher |
| | Gene Walborn |
| NC Department of Revenue | Lennie Collins (Chairman) |
| | Leanne Johnson* |
| ND Office of State Tax Commissioner | Matt Peyerl |
| | Myles Vosberg |
| | Dee Wald |
| NM Taxation & Revenue | Dan Armer* |
| OR Department of Revenue | Christi Daniken* |
| | Gary Humphrey |
| | Don Jones |
| PA Department of Revenue | Jason Weimer |
| | Anita Conner * |
| State of SD | Doug Schinkel |
| TN Department of Revenue | Joan Cagle |



| | |
|--|----------------------|
| TX Comptroller of Public Accounts | Rusty Johnson* |
| UT State Tax Commission | Mike Christensen* |
| | Frank Hales |
| WA State Department of Revenue | Karolyn Bishop |
| | Gil Brewer |
| | John Ryser |
| WI Department of Revenue | Rick Debano |
| Affiliations | |
| Fast Enterprises | Virgil Helton |
| COST | Karl Frieden |
| Multistate Tax Commission Staff | Keith Getschel |
| | Thomas Shimkin |
| | Diane Simon-Queen |
| | Steve Yang |
| | Ben Abalos |
| Consultant to MTC | Elizabeth Harchenko* |

* Participated by telephone

Italicized text indicates a committee action or a matter for follow-up.

I. Welcome and Introductions

Nexus Committee Chairman Lennie Collins (NC) convened the meeting and requested that attendees introduce themselves.

II. Review of Agenda

Chairman Lennie Collins reviewed the open session agenda.

III. Review of Open-Session Minutes of July 29, 2014

Participants asked no questions about the July 29, 2014 minutes, except that Chairman Lennie Collins noted Anita DeGumbia (GA) is now a project team member of the voluntary disclosure improvement project. [Strategic Planning Consultant to the MTC, Elizabeth Harchenko, had informed the MTC subsequent to the July 29 Nexus Committee meeting, that Anita Degumbia had volunteered for the project team.] *Gene Walborn (MT) moved for approval of the minutes, and the Nexus Committee approved.*

IV. Public Comment

None.

V. Nexus Director's Report



Nexus Director Thomas Shimkin reported that the Nexus program collected \$3,160,318 on behalf of members states for partial FY 2015 (July 1, 2014 – October 31, 2014) and executed 254 contracts. When non-members to the Nexus Program are counted, the Nexus Program executed 303 contracts. The average contract value for Nexus Program members for partial FY 2015 is \$12,442.

Mr. Shimkin reported that two Nexus Committee suggestions have speeded up service to member states: the cessation of voluntary disclosure service to non-Nexus member states, and the \$500 minimum threshold for estimated back tax liability over the lookback period of a member state.

Commenting on the Nexus Program's continuing work on its voluntary disclosure database, Mr. Shimkin informed the Committee that the next major database project will improve the online voluntary disclosure website. He said that it must be rewritten to be compatible with contemporary versions of web browsers.

Mr. Shimkin described Nexus Program staff members' roles and their activities during the current fiscal year.

He asked that those states who had not already done so consider putting on their organization's website a link to the MTC's voluntary disclosure webpage.

VI. Strategic Planning

a. Progress report and discussion of the Membership Project

Gene Walborn (MT) gave a brief history of the project, the team's current information-gathering efforts, and the intended completion target (January 2015).

Chairman Collins and Director Shimkin sought information from Committee members about how the National Nexus Program (NNP) has benefited their states, how well the voluntary disclosure procedures of the states mesh with those of the NNP, how the NNP might better assist states' compliance efforts, and what motivated new members to join, and any comments from states that are members, but have not actively participated in the Nexus program. Various states' responses follow:

- Lee Baerlocher (MT): "It's always been nice to have a single place of contact for nexus."



- Gene Walborn (MT): “Being a small state, the benefit for us is that there are a lot of folks that will go to the [MTC’s] MVD program who would otherwise ignore us.”
- J.A. Cline (LA): [the MTC’s MVD Program] “allows us to do more with fewer resources.”
- J.A. Cline (LA): “...different systems do integrate well. Sometimes, we alter our procedures at LA [based on how the MTC operates]... does dovetail well into the VDA program.”
- Anita DeGumbia (GA): “one thing GA finds valuable is the fact that your documentation is very thorough. We also handle VDA’s directly from taxpayers; we have to go back to them. But with your agreements, you give us a lot of detail that helps us get disclosures done.”
- Joan Cagle (TN): In response to Director Shimkin’s view that the Nexus Program serves as a “first-filter,” Ms. Cagle said “we like it when you make recommendations,” and “we like that everything comes to us electronically.”
- Steven Alvarez (GA): “We get a lot of referrals.” He also shared that taxpayers are advised that if they have several states to contact, that they “may want to contact the MTC first.”
- Lee Baerlocher (MT): “What we really like is the roundtable – just getting all the states in one room so we can bounce ideas off each other.”

Miscellaneous comments:

- In response to a question regarding whether a state ought to share information received from taxpayers under that state’s own voluntary disclosure program with the MTC, Director Shimkin adamantly said that MTC would refuse such information.
- Myles Vosberg (ND): “Streamlined Sales Tax changes the dynamics for sales tax issues [relating to] remote sellers and so eliminates some voluntary disclosures.”

b. Progress report and discussion of the Project Team for Improvement of Multistate Voluntary Disclosure

Myles Vosberg (ND) and Anita DeGumbia (GA) briefed the Nexus Committee on the work of the Multistate Voluntary Disclosure Project Team. The project team plans to hold monthly meetings, including a face-to-face meeting in



March, and to wrap up the project in June 2015. The team intended to focus its information gathering in a couple of ways: team members were each assigned two or three non-member states to contact and ask about their likes, dislikes, or reasons for not participating in the MTC's voluntary disclosure program, and Anita Degumbia (GA) offered to contact the Big Four accounting firms to elicit their comments.

The project team will do a detailed review of the document that Ms. Diane Simon-Queen created, as it continues its information gathering.

Committee members offered the following observations about the current multistate voluntary disclosure program.

- Anita Degumbia (GA): There are some things “we need in our VDA process that other states might not...” Steven Alvarez (GA) elaborated: For certain income taxes, “we always want to put something in our agreements that [indicates] that we don’t accept NOL [carry-forwards]. Matt Peyerl (ND) was curious as to how many states don’t accept NOL carry-forwards in their agreements. He said that ND doesn’t accept them, but realizes that there is some way “to game” [the system] using lookback periods.” J. A. Cline (LA): “We have a \$500 threshold, so if you have losses for three years, you don’t have a liability” and that if the taxpayers have NOL, “they can’t carryback to VDA periods; they must carry them forward.”
- Myles Vosberg (ND) asked how the MTC handles disclosures from a taxpayer who has multiple states, but chooses not to submit its voluntary disclosure applications all at once.” Nexus Director Thomas Shimkin responded: “That’s perfectly fine with me. The taxpayer chooses which states to apply to and when. Because it is a voluntary process we do not look behind those decisions. Some applicants do this because they do not have the resources to prepare returns or come up with money for all states at one time.”
- Certain states have standardized forms. The representatives of AL, LA, and WA advised that their standardized forms are posted on their agency website.
- Elizabeth Harchenko (consultant to MTC) asked whether there were any taxpayer representatives present who have had experience with the MTC Multistate Voluntary Disclosure Program. No one responded.

c. Next steps



Chairman Collins thanked committee members for their valuable input. Ms. Harchenko echoed that the committee had done good work. Mr. Collins said that the next step is for committee members to consult with members of their departments, especially staff members who work most directly with voluntary disclosure, and to bring additional feedback to the March 11 meeting in Kansas City, Missouri. The project team wants to know what works and what doesn't with respect to the Commission's program. Suggestions for improvements will be particularly helpful, he said. He said that it would be best to start with gathering additional information about how to answer the self-assessment questions that the project team presented to the committee.

VII. New Business

There was no new business.

VIII. Closed Session (attended by state personnel only).

The Committee entered closed session, and returned to open session. There were no members of the public present to hear the report from the closed session.

IX. Adjournment

The Committee adjourned.

For more information about this meeting, please contact Thomas Shimkin, Director of the National Nexus Program, Multistate Tax Commission, 444 North Capitol Street, N.W., Suite 425, Washington, D.C. 20001 * (202) 695-8139 * Tshimkin@mtc.gov

Nexus Committee

**Strategic Planning
Process**

Membership Project

Project description: Increase Membership in National Nexus Program

V 1.3 10-14-2014

This project involves identifying the barriers to state membership in the National Nexus Program and proposing solutions to remove those barriers. The project will also include identifying the program characteristics that attract states to become members.

Problem: There are currently 14 states that are not members of the National Nexus Program. The program goals related to the vitality and reputation of the program and engagement of the states can be achieved by attracting as many of these states as possible to join the program.

Risks: When a significant number of states are not members of the National Nexus Program, member and non-member states alike lose the opportunity to work together to address nexus issues; and there is a higher risk of inconsistent administration of nexus standards. In addition, the program cannot provide voluntary disclosure services to taxpayers with respect to non-member states.

Issues for review:

- What barriers or constraints prevent states from becoming members of the National Nexus Program?
- What issues have caused states to drop out of the NNP?
- What benefits or services of the National Nexus Program provide value to the states?
- What benefits or services could be leveraged to make the National Nexus Program more attractive to states?
- What benefits (financial and other) do the states derive from the Voluntary Disclosure Program?
- What benefits will taxpayers see if more states joined the National Nexus Program?

Expected outcomes from the project:

- List of specific barriers to state membership in the National Nexus Program.
- List of specific benefits of membership in the National Nexus Program.
- Recommendations for steps that can be taken to overcome barriers.
- Recommendations for enhancing current benefits or services to make the program more attractive to states.
- Recommendations for marketing the National Nexus Program to non-member states.

Who should be involved in the project:

- Nexus Committee members
- MTC staff

PROJECT PLAN v 1.4
2-2-2015

PROJECT: Increase Membership in National Nexus Program

PROJECT TEAM: Christy Vandevender, AL
Gene Walborn, MT
Deanna Munds-Smith, AR
Janice McGee, NM
Thomas Shimkin, MTC

STAFF: Ben Abalos, MTC

FACILITATOR: Elizabeth Harchenko

PROJECT DESCRIPTION: The purpose of this project is to identify the barriers to state membership in the National Nexus Program and propose solutions to remove those barriers. The project will also identify the program characteristics that attract states to become members. *See project description for more details.*

TARGET COMPLETION DATE: July 15, 2015

HIGH-LEVEL PROJECT TIME LINE:

- October 2014 – First team meeting (teleconference). Review project description and project plan and make needed changes. Discuss research tools to use – email survey; telephone survey; in-depth interviews; which states to contact; questions to be asked. Assign tasks: in depth survey question development. **Meeting held 10-14-14**
- Late October 2014 – Teleconference. Decide on research tool(s) and process. Finalize research questions and states to contact. Assign tasks: Who to contact, time frame for contacts and reporting results. **Meeting held 10-29-14**
- Mid-November 2014 – Teleconference. Discuss and decide what to report to Nexus Committee during December meeting in Nashville. Discuss any questions about survey process. **Meeting held 11-19-14**
- December 11, 2014 – Nexus Committee Meeting, Nashville. Progress report to Nexus Committee. Questions about barriers and benefits to membership. **Meeting held.**
- December 16, 2014 - Teleconference. Status report on contact with non-participating states. **Meeting held.**
- January 29, 2015 – Teleconference. Status report on contact with non-participating states. **Meeting held.**
- February 10, 2015 – Teleconference. Status report on contact with states. Discuss available feedback. Discuss next steps.
- March 11, 2015 – Nexus Committee meeting. Status report to committee.
- April 2015 – Teleconference. Discuss tentative conclusions and recommendations.
- May 2015 – Teleconference. Review draft report to Nexus Committee.
- June 2015 – Teleconference. Finalize report to Nexus Committee and Steering Committee.

Nexus Committee

**Strategic Planning
Process**

**Improve Streamline
Multistate Voluntary
Disclosure Program
Project**

Project description: Process Improvement for Multistate Voluntary Disclosure Program

V 1.4 1-26-2015

The purpose of this project is to identify opportunities to improve the MTC Multistate Voluntary Disclosure Program to make it more efficient and effective. The project will evaluate the current MVD process and recommend improvements.

Problem: The Multistate Voluntary Disclosure Program requires a significant amount of information from taxpayers, and involves many steps in which taxpayers, state personnel and the MTC National Nexus Program staff must process and transmit information. There are opportunities to streamline the voluntary disclosure program to make it more efficient and effective for the states and taxpayers, as well as the MTC staff.

Risks: A process that involves many steps and a substantial amount of time and effort is less likely to be used by taxpayers and states. The MTC Multistate Voluntary Disclosure Program is currently the primary program offered by the National Nexus Program. If it isn't being used by significant numbers of states or taxpayers, it cannot return the best value to both constituencies. Also, a complex system can result in a slower process.

Issues for review:

- How the current process works; flow chart of process
- How is communication between the taxpayer, MTC and affected states handled?
- Where are the opportunities to shorten time lines? (Will include baseline measures, where obtainable.)
- How do taxpayers and practitioners view the process, and what barriers do they experience?
- How might we increase the likely return on investment to the states?
- Do we have the right staff (both number and skill sets)?
- Are there opportunities to condense and standardize the information requested of taxpayers? Could templates be developed and used?
- How do the states view the process, especially those state employees who process voluntary disclosure applications?
- What can be learned from how states handle their own voluntary disclosure programs?
- How might the program be better publicized?
- What improvements would give the best return for the cost of implementing them?
- What components of the program take more effort than the value perceived for both states and taxpayers, and at what cost to the program?
- Should exclusion of states that don't participate in National Nexus Program continue?
- What information is needed for multiple tax types (sales, income, withholding or special industry)?
- Is uniformity among the states desirable, and if so, how can it be achieved?

Expected outcomes from the project:

- List of opportunities for improvement to the MTC Voluntary Disclosure Program.
- Estimate or description of likely costs and benefits of any recommended changes.
- List of recommended measures for determining whether more taxpayers and states are using the MTC VDC process.
- Recommended targets for time to complete a voluntary disclosure.

Who should be involved in the project:

- State staff who work with voluntary disclosure
- MTC staff who work with voluntary disclosure
- Taxpayers and practitioners

PROJECT PLAN v 1.4
1-26-2015

PROJECT: Improve Multistate Voluntary Disclosure Program

PROJECT TEAM: Myles Vosberg, ND
Mike Christensen, UT
Christi Daniken, OR
Ted Sharaishi, HI
Anita DeGumbia, GA
Thomas Shimkin, MTC

STAFF: Ben Abalos, MTC
Diane Simon-Queen, MTC

FACILITATOR: Elizabeth Harchenko

PROJECT DESCRIPTION: The purpose of this project is to identify opportunities to improve the MTC Multistate Voluntary Disclosure Program to make it more efficient and effective. The project will involve review of the current process from the perspective of the states, taxpayers and the MTC National Nexus Program staff.
See project description for more details.

TARGET COMPLETION DATE: July 30, 2015

HIGH-LEVEL PROJECT TIME LINE:

- **November 2014** - First team meeting (teleconference). Review project description and project plan and make needed changes. Discuss process for soliciting and capturing ideas for improvement before project work formally begins. Discuss and decide whether to seek input from Nexus Committee during meeting in Nashville (December). **Meeting held November 6, 2014**
- **January 2015** – Teleconference. Review business process improvement concepts. Begin developing detailed description of MVD process. Identify constituents of MVD process; discuss methods for seeking input from constituent groups concerning MVD process description and opportunities for improvement. **Meeting held January 14, 2015**
- **February 11, 2015** – Teleconference. Review feedback from practitioners and state personnel. Review MVD process flow chart; discuss potential priority areas for business process review. Prepare interim report to Nexus Committee.
- **March 12, 2015** – In-person meeting, Kansas City. Review data on timeframes and error correction; begin in-depth focus on areas of greatest opportunity for creating efficiency.
- **April 8, 2015** – Teleconference. Discuss options for change to MVD to streamline, make more efficient and effective. Discuss potential cost and benefit of potential changes.

- **May 13, 2015** – Teleconference. Continue discussion about opportunities for improvement; develop tentative recommendations for change.
- **June 10, 2015** – Teleconference. Decide on recommendations for change to MVD program. Discuss elements for report to Nexus Committee and Strategic Planning Steering Committee.
- **July 9, 2015** - Finalize report and recommendations to Nexus Committee and Strategic Planning Steering Committee.

Major stages of BPI

1. Diagram the process and verify that it is actually working as described – identify major steps and individual activities within those steps
 - Diagram will show communication links and decision points
 - Diagram will show the functional flow of activity, processing time and cycle time, who is responsible at each step in the process
 - Diagram will also identify key information that moves as part of the process
2. Identify process characteristics
 - FLOW – how does input become output?
 - EFFECTIVENESS – how well are taxpayer and state expectations met?
 - What characteristics of the process demonstrate its effectiveness?
 - EFFICIENCY – how well are resources used to produce the output?
 - What characteristics of the process demonstrate its efficiency?
 - CYCLE TIME – what is the total time taken to change input to FINAL output?
 - COST – what does the process cost to carry out?
3. Streamlining the process
 - Are there administrative tasks, approvals or paperwork that don't add value to the process?
 - Are there identical activities that are performed at different times during the process?
 - What are the activities that directly meet taxpayer needs? State needs?
 - What parts of the process could be simplified?
 - Are there ways to shorten cycle times? (Total time for each step in the process, including the time spent waiting for something to happen before the next step is begun)
 - Are there places in the process where the risk of errors is high? What can be done to minimize the risk of errors?
 - Are there documents that could be rewritten more clearly and simply?
 - Is everyone doing the process the same way? Are there opportunities to standardize to save time and effort?
 - Are there ways to improve the quality or accuracy of inputs to the process (from taxpayers or the states)?
 - Are there any opportunities to use technology differently, or to reorganize work flow to create more efficiency?
4. Measurement
 - What should we measure to verify efficiency gains?
 - What should we measure to verify effectiveness gains?
 - Who should receive measurement reports ?

