



**Minutes of the Multistate Tax Commission Executive Committee Meeting
July 30, 2015
Spokane, Washington**

I. Welcome and Introductions

The Chair called the meeting to order at 8:31 a.m. The following persons attended the meeting either in person or *via telephone*.

Name	Affiliation	Name	Affiliation
Julie Magee	Alabama	Christi Daniken	Oregon
Tom Atchley	Arkansas	Gary Humphrey	Oregon
Paul Gehring	Arkansas	Don Jones	Oregon
Deanna Munds-Smith	Arkansas	Bruce Christensen	South Dakota
Phillip Horwitz	Colorado	Nancy Prosser	Texas
Jessica Brown	District of Columbia	John L. Valentine	Utah
Stephen Cordi	District of Columbia	Gil Brewer	Washington
Leticia Jacobs	Hawaii	Chris Coffman	Washington
Madelaina Lai	Hawaii	John Ryser	Washington
Lynn Lyckman	Hawaii		
Kevin Wakayama	Hawaii	Public Attendees	
Richard Jackson	Idaho	Karen Boucher	Deloitte Tax LLP
Richard Cram	Kansas	Russell Brubaker	FedTax
Jennifer Hays	Kentucky	Karl Freden	COST
Wood Miller	Missouri	Gale Garriott	Federation of Tax Administrators
Mike Kadas	Montana	Jessica Eisenmerger	Sutherland
Gene Walborn	Montana	Karl Frieden	Council on State Taxation
Demesia Padilla, Chair	New Mexico	Amy Hamilton	State Tax Notes
Lennie Collins	North Carolina	Virgil Helton	Fast Enterprises
Matt Peyerl	North Dakota	Bruce Johnson	Taxometry
Ryan Rauschenberger	North Dakota	Robert Shepherd	Lexis Nexis Risk Solutions
Myles Vosberg	North Dakota	Shirley Sicilian	KPMG
<i>Dee Wald</i>	North Dakota		
		MTC Staff and Consultants	
		Ken Beier	Joe Huddleston
		Dan Bucks	Gregory Matson
		Lila Disque	Len Lucchi
		Elliott Dubin	Keith Getschel
			Thomas Shimkin
			Helen Hecht
			William Six

The Chair indicated there was a quorum.

II. Public Comment Period

There were no public comments during this portion of the meeting.

III. Approval of the Minutes of the Executive Committee Meeting on May 7, 2015

John Valentine (Utah) moved acceptance of the Minutes of the Executive Committee meeting of May 7, 2015. The minutes were approved unanimously.

IV. Report of the Chair

Demesia Padilla noted the advantages of MTC Audit and Training Programs and encouraged the attendees to get in touch with their colleagues who were not at the meeting regarding activities of the Commission.

V. Report of the Treasurer

Rich Jackson referred to the Financial Report for the Year Ended June 30, 2015, in the meeting materials, and noted the end of the year surplus of \$49,000, which had been anticipated in the budget to be \$47,000. He commended the staff for this accomplishment. Nancy Prosser (Texas) moved approval of the report which was passed by a unanimous vote.

VI. Report of the Executive Director

Joe Huddleston thanked the participants for allowing him to be the Executive Director for the past ten years. He noted that the organization has had some bumps in the road that have been dealt with in a gracious manner. He commended the Executive Committee for its decision to appoint Greg Matson as Executive Director, noting that he is very confident of his abilities. He also expressed his confidence in the MTC division directors and general counsel. Citing the comments he made on July 29, he added his encouragement to the states to take advantage of MTC legal support, which provides a national perspective for the states.

Greg Matson provided an update on the Arm's-Length Adjustment Service. Six states have expressed an interest in formally joining the program and the Commission is looking for more participating states. He added that two states have expressed an interest during these meeting and that he is setting up meetings with four southeastern states on their participation in the near future. In response to a question from Demesia Padilla, he said that 10 states are needed to support the program. He added that while the draft project proposal called for seven states, that ten is a better starting point for the program.

VII. Other Reports

There were no other reports from activities during the current week of meetings.

VIII. Strategic Planning

Nancy Prosser, in her last report as chair of the Strategic Planning Steering Committee, referred to her written report and reminded the committee of the composition of the committee going forward—with Julie Magee as Chair and Gary Humphrey continuing as a member. She added that “we are off to a good start on getting strategic planning to be part of the culture at the MTC.”

IX. Discussion with Sales Tax Certified Service Providers on Benefits of Using CSPs in Non-Streamlined States

Bruce Johnson and Russ Brubaker provided an overview of certified service providers (CSPs). This designation is given by the Streamlined Sales Tax Governing Board after a determination of the soundness of the company, operability and compatibility of their system, and comprehensive testing which includes running test transactions. There are currently seven companies designated as CSPs. The emphasis of their presentation was on the potential for states that are not part of Streamlined Sales Tax Governing Board to utilize CSPs. Russ explained the role of CSPs as making accurate data go really fast. Bruce added that the CSPs make things easier for retailers, which was the central issue in *National Bellas Hess* and *Quill*. Bruce referred to a chart, in the room, of sourcing of sales for income tax purposes and noted similar complications for sales tax. Through CSPs, states have an opportunity to provide access to accurate data, such as rates and boundaries. The presenters also noted the Bruce Christensen of South Dakota is involved with auditing CSPs.

After hearing that there were no questions about the role of CSPs, Bruce Johnson recalled that ten years ago, the Executive Committee had the job of replacing Dan Bucks, who they thought was irreplaceable. At that time, Paul Frankel mentioned that Joe Huddleston would be excellent for the job. Bruce thanked Joe for vindicating Paul's judgment and for the grace and good humor that he brought to this position over the past decade.

X. Uniformity

A. Sales and Use Tax Nexus (Engaging in Business) Model Statute

Wood Miller reviewed the history of the project, including work by the Sales and Use Tax Subcommittee and adjustments to meet Uniform Law Committee format guidelines. Helen Hecht added that the history of this project and all MTC uniformity projects can be viewed on the website. Following a review of the choices before the committee by Demesia Padilla, Nancy Prosser moved that the committee approve the proposed model for a public hearing. This was passed by a unanimous vote.

B. Model Sales and Use Tax Notice and Reporting Statute—Status of Litigation Report

Helen Hecht explained that the committee has retained this project pending the outcome of *Direct Marketing Association v. Barbara Brohl* case in the U.S. Court of Appeals for the 10th Circuit.

C. Other Uniformity Matters

There were no other uniformity matters before the committee.

XI. Federal Issues with State Tax Implications

Jim Rosapepe reported on the current political climate, where a lot of interest groups are not expected to get things done this year. Trade legislation and the Iran situation have received considerable attention, and Congress also has to deal with transportation funding. He added that activities in congress have slowed because of a lack of coherence among Republicans, and that the prospect of tax reform is dim.

Len Lucchi provided an update on specific bills before congress that affect state and local taxation, including extension of the Internet Tax Freedom Act (ITFA). Extension of ITFA would deal with the October 1 expiration of the current moratorium on taxes on Internet Service.

XII. Upcoming Meetings and Events

Greg Matson noted the upcoming December 9-11 (Fall) Committee Meetings in Charleston, South Carolina, the 2016 Annual Meeting in Kansas City, Missouri, and the 50th anniversary (2017) annual meeting in Louisville, Kentucky. Demesia Padilla added that she looked forward to seeing the participants in Charleston and recessed for a closed session at 9:40 AM.

----- **CLOSED SESSION** -----

Reports on the following closed sessions are reported separately:

- I. Nexus Committee & National Nexus Program**
- II. Audit Committee & Joint Audit Program**
- III. Items Related to Pending Litigation & Commission Personnel Matters**

XIII. Resumption of Public Session and Reports from Closed Session

The open session resumed at 10:02 a.m. There were no reports from the closed sessions.

XIV. Adjournment

The meeting was adjourned at 10:07 a.m.