



**Minutes of the Executive Committee
November 17, 2017
Hotel Monteleone
New Orleans, Louisiana**

I. Welcome and Introductions

The following persons attended the meeting.

Name	State or Affiliation	Name	State or Affiliation
Holly Coon	AL	Katie Lolley	OR
Walter Anger	AR	Nia Ray	OR
Carla Haugen	AR	Nancy Prosser	TX
Phillip Horwitz	CO	John Valentine	UT
Keith Richardson (by phone)	DC	Gil Brewer	WA
Aaishah Hashmi	DC	Tripp Balz	Bloomberg BNA
Ken Roberts	ID	Ryan Prete	Bloomberg BNA
Tom Shaner	ID	Nikki Dobay (by phone)	COST
Phil Skinner	ID		
Steve Wynn	ID	Richard Cram	
Nathan Hoeppner	KS	Lila Disque	
Krystal Bolton	LA	Elliott Dubin	
Wallace Eddleman	MD	Keith Getschel	
Joel Walters	MO	Sheldon Laskin	
Mile Kadas (by phone)	MT	Marshall Stranburg	MTC Staff
Lennie Collins	NC	Greg Matson	
Matt Peyerl	ND	Helen Hecht	
Dee Wald	ND	Bruce Fort	
Dan Armer	NM	Tom Shimkin	
Janice Shannon (by phone)	NM	Bill Six (by phone)	

II. Initial Public Comment Period

There was no public comment.

III. Approval of Minutes of the Executive Committee Meeting on August 3, 2017

Nancy Prosser moved that the minutes of the August 2017 meeting be accepted. The motion carried unanimously by voice vote.

IV. Report of the Chair

There was no report of the Chair.

V. Report of the Treasurer

Ken Roberts moved that the Financial Report for the 3-month period July 1, 2017, through September 30, 2017, be accepted. The motion carried unanimously by voice vote. Mr. Roberts also moved to approve the audited financial statements as reported in the independent auditor report for the fiscal year July 1, 2016, to June 30, 2017. The motion carried unanimously by voice vote.

VI. Report of the Executive Director

Greg Matson gave the report.

- *Training:* Mr. Matson stated that training is shifting to focus more on the specific needs of each state. This would include discussion of case decisions that are important to specific states. This shift would require more advanced preparation and the development of “canned” courses that would be used as foundational basics to the specific state needs.
- *All Staff Retreat, Eaglenwood Resort & Spa, Itasca, Illinois, August 15-16:* Mr. Matson remarked that the retreat was a success, noting that it had been 19 years since the last staff retreat. The audit staff conducted one of their periodic internal training sessions immediately following.
- *Technology:* Mr. Matson informed the Committee that the website was in the process of being updated and the new version would “go live” shortly.
- *Annual Report:* Marshall Stranburg, deputy executive director, asked that any comments on the draft of the Annual Report be provided by December 31, 2017, so the report would be ready for posting on the revamped website.

VII. Committee Reports

- A. Audit Committee: Keith Getschel, director of the Joint Audit Program, lauded the participation of committee members at the annual meeting in Louisville, noting that there were 50 attendees at the meeting.
- B. Litigation Committee: Helen Hecht, general counsel, reported that the committee held a successful training seminar for state attorneys on preparation of amicus briefs. She thanked all who helped in putting on this program.
- C. Nexus Committee: Richard Cram, director of the National Nexus Program, provided an update on the Online Marketplace Seller Voluntary Disclosure Initiative. Mr. Cram noted that 24 states and the District of Columbia participated in the initiative. The initiative generally allows vendors to register and begin collecting tax while back tax liability is waived. Because of a large increase in applications submitted, on October 11, there was an emergency teleconference to allow an extension for the submission and processing of applications. There have been 852 applications

received. More than 200 vendors had back tax liability exceeding \$100,000; 29 vendors had a back tax liability exceeding \$1,000,000; and, 6 vendors had a back tax liability exceeding \$2,000,000. Two temporary employees have been hired to process the applications. Processing of applications will last through February 2018 or longer.

- D. State Intercompany Transactions Advisory Service: Mr. Stranburg informed the committee that SITAS has not had any recent meetings. States have been working collectively and exchanging information on cases. The committee may hold further meetings in 2018.
- E. Strategic Planning: Ms. Prosser noted that there had been significant turnover in the committee's membership which hindered progress for this committee. Ms. Prosser stated that more help is needed to move the process forward and more discussion is planned for the next meeting in Minnesota in April.
- F. Uniformity Committee: Holly Coon presented the Uniformity Committee report. Ms. Coon related that the Uniformity Committee was working on three projects: the Model Sales and Use Tax Notice and Reporting Statute; two model regulations under Section 18 having to do with taxpayers that have certain kinds of receipts; and a partnership information project including proposed changes to the MTC model RAR statute incorporating changes necessitated by the new federal centralized audit regime.

Phil Horwitz informed the Executive Committee that the work group that is drafting the Model Sales and Use Tax Notice and Information Reporting Statute should complete its work in the next few months.

The Section 18 working group presented two model regulations to the Uniformity Committee which accepted those models with certain amendments. One is a general regulation allowing the computation of a receipts factor for corporations that may not have any "receipts" as now defined under approved amendments to Compact Article IV (UDITPA). The other allows corporations that engage in financial activities, but that may not be defined as financial institutions, to use the MTC (or a state's) rules for sourcing financial receipts for receipts factor purposes. Mr. Matson noted there would be a teleconference in January 2018 for the Executive Committee to consider whether to approve the model regulations for public hearing.

VIII. Uniformity

Discussion of the Model Sales and Use Tax Notice and Reporting statute occurred during the report of the Uniformity Committee. No other Uniformity matters were discussed.

IX. Federal Issues

- A. *Federal Tax Reform*: Thomas Shimkin, legislative counsel, and Elliott Dubin, director of policy research, presented information regarding current federal tax reform proposals and possible impacts on state budgets. Mr. Shimkin relayed the progress of the various tax reform proposals and Mr. Dubin opined on possible adverse revenue impacts for states resulting from the move to a territorial tax system if sufficient resources are not available to monitor transfer price mechanisms of multinational enterprises.

B. *Other Federal Tax Issues:* Mr. Shimkin informed the committee that all federal tax reform proposals would prohibit state and local governments from issuing bonds for the construction of stadiums to be used by professional sports teams. Mr. Shimkin also noted a couple of key congressional retirements that had been recently announced.

X. Upcoming Meetings

Mr. Matson noted the upcoming spring committee meetings: April 23 to 26, 2018, in Bloomington, Minnesota, (Mr. Getschel said that the staff in Minnesota extends its welcome) and next summer's Annual Meeting and Conference July 23 to 26, 2018, in Boston, Massachusetts.

X. Consideration of Confidential Matters during Closed Session

The Executive Committee went into closed session at 10:28 a.m. for consideration of confidential matters.

XII. Resumption of Public Session and Reports from Closed Session

There was nothing to report from the closed session.

XIII. Adjournment

The committee adjourned by unanimous consent at 10:57 a.m.