



**Uniformity Committee Report to the Executive Committee  
April 26, 2018**

Holly Coon (Alabama), Chair  
Tommy Hoyt (Texas), Vice Chair

The Uniformity Committee will have met three times in person this year: in Louisville, KY, at the 2017 Annual Meeting, in New Orleans on November 16, 2017, and yesterday here in Bloomington. Any updates to this report from the meeting of April 25<sup>th</sup> will be given orally.

There are two ongoing uniformity projects as summarized below.

<b>Project Work Groups</b>	
<b>Sales and Use Tax Information Reporting Model Work Group</b>	
<i>Chair and Staff</i>	Phil Horwitz (Colorado) and Sheldon Laskin (MTC, retired)
<i>Scope of Project</i>	The Uniformity Committee has asked the work group to recommend revisions to a draft model statute that requires non-collecting sellers and others to: (1) give notice to in-state purchasers, with each sale, that tax may be owed; (2) give a report to in-state purchasers, annually, summarizing purchases made; and (3) file an information return with the state, annually, listing in-state purchasers and total purchases.
<i>Background</i>	This committee previously referred the draft model statute to a public hearing and a Bylaw 7 survey. When it failed to pass the Bylaw 7 survey, the committee referred the draft model statute back to the Uniformity Committee for clarification. Those clarifications were submitted in May, 2012, but the draft was tabled pending a decision in <i>Direct Marketing Ass'n v. Brohl</i> , which involved a similar Colorado statute. After the Tenth Circuit upheld the Colorado statute and the U.S. Supreme Court denied certiorari (see <i>Direct Marketing Ass'n v. Brohl</i> , 814 F.3d 1129 (2016)), this committee referred the draft model statute back to the Uniformity Committee for its recommendation. That committee convened a work group to consider any necessary revisions and it began its review in June, 2017 with weekly calls in which a number of states and members of the public have participated.
<i>Status</i>	The work group expects to submit a revised draft model to the Uniformity Committee for discussion and approval at the April 25, 2018 meeting. The Uniformity Committee may submit the model to the Executive Committee for its review.

<b>Partnership/RAR Project Work Group</b>	
<i><b>Chair and Staff</b></i>	Tracee Abel (Montana) and Helen Hecht (MTC)
<i><b>Scope of Project</b></i>	<p>Recommend: (1) model provisions that states may need in order to assess the additional tax due as a result of federal audit adjustments made under new statutory requirements for entity-level audits of large partnerships; (2) provisions necessary for the entity-level assessment of taxes; and (3) revisions to the Commission’s existing model for Reporting Federal Tax Adjustments.</p> <p>NOTE: This project is subject to certain time constraints because we expect that state legislatures will want to consider the necessary changes to state statutes no later than their 2019 legislative sessions.</p>
<i><b>Background</b></i>	<p>In 2015, Congress passed the Bipartisan Budget Act which requires the IRS to conduct entity-level audits of large partnerships and assess the partnership, unless the partnership elects to do the administrative work of “pushing out” the audit adjustments to its partners. The Uniformity Committee initially established an informational project in 2016 to study these federal changes. Later, it determined that a work group should be established to draft model provisions that states may need in order to assess the additional tax that will result from any federal partnership audit adjustments.</p> <p>The Uniformity Committee was also approached by “Interested Parties” (ABA, AICPA, COST, TEI, &amp; IPT) asking that the committee consider changes to its existing model for Reporting Federal Tax Adjustments. The Committee was separately asked to consider any related issues that states would need to address in assessing state tax at the entity level. The Committee agreed to both of these requests. It also agreed that the working group should use a draft of proposed language put forward by the Interested Parties as its starting point and prioritize the partnership-related provisions.</p>
<i><b>Status</b></i>	<p>The work group has held a number of meetings in which the Interested Parties have participated and have made substantial contributions. Since the last time we reported on the project, MTC staff and the Interested Parties have made substantial changes to parts of the draft. The committee expects to consider one significant issue, involving the partnership pays election, at the April 25<sup>th</sup> meeting and give additional direction to the work group. The Uniformity Committee may seek this Committee’s guidance on whether and when it would be appropriate to have a public hearing on the model.</p>

In addition to these two projects, the Uniformity Committee is expecting to consider possible new projects at its meeting on April 25.