



Minutes of Executive Committee Teleconference

Thursday, April 23, 2020
11:30 a.m. to 2:00 p.m. Eastern Time

I. Welcome and Introductions

Chair Keith Richardson, District of Columbia, convened the meeting at 11:30 a.m. The presence of a quorum was confirmed. The following people attended the meeting:

Vernon Barnett	Alabama Department of Revenue
Matt Tidwell	Alabama Department of Revenue
Brandon Spanos	Alaska Department of Revenue
Laurie McElhatton	California Franchise Tax Board
Brendon Reese	Colorado Department of Revenue
Jennifer Hudson	Delaware Division of Revenue
Keith Richardson	District of Columbia Office of Tax and Revenue
Tom Shaner	Idaho State Tax Commission
Michael Hale	Kansas Department of Revenue
Brad Blanchard	Louisiana Department of Revenue
Danielle Clapinski	Louisiana Department of Revenue
Antonio Ferachi	Louisiana Department of Revenue
Stacey Greaud	Louisiana Department of Revenue
Johnette Martin	Louisiana Department of Revenue
Shanda McClain	Louisiana Department of Revenue
Luke Morris	Louisiana Department of Revenue
Cynthia Pugh	Louisiana Department of Revenue
Miranda Scroggins	Louisiana Department of Revenue
Emily Toler	Louisiana Department of Revenue
Vanessa LaFleur	Louisiana Department of Revenue
John Sagaser	Maine Revenue Services
Renee Nacrelli	Maryland Office of the Attorney General
Michael Fatale	Massachusetts Department of Revenue
Michael Fenton	Minnesota Department of Revenue
Dexter Wilson	Minnesota Department of Revenue
Bridgette Thomas	Mississippi Tax Commission
Maria Sanders	Missouri Department of Revenue
Lee Baerlocher	Montana Department of Revenue
Gene Walborn	Montana Department of Revenue

Mike Walsh	Nebraska Department of Revenue
John Ficara	New Jersey Division of Taxation
Stephanie Schardin Clarke	New Mexico Taxation and Revenue Department
Matt Pereyl	North Dakota Office of State Tax Commissioner
Dee Wald	North Dakota Office of State Tax Commissioner
Stephen Ferraro	Tennessee Department of Revenue
Karey Barton	Texas Comptroller of Public Accounts
Tommy Hoyt	Texas Comptroller of Public Accounts
Frank Hales	Utah State Tax Commission
Clark Snelson	Utah State Tax Commission
John Valentine	Utah State Tax Commission
Christie Comanita	Streamlined Sales Tax Governing Board
Tripp Baltz	Bloomberg Tax
Nikki Dobay	Council on State Taxation
Karl Frieden	Council on State Taxation
Virgil Helton	FAST Enterprises
Will Rice	FAST Enterprises
Kayla Luckenbach	Gen Tax
John Vecchiarelli	Gen Tax
Paul Williams	Law360
Amy Hamilton	Tax Analysts
Andrew Soubel	Wolters Kluwer
Nancy Prosser	Multistate Tax Commission
Chris Barber	Multistate Tax Commission
Richard Cram	Multistate Tax Commission
Lila Disque	Multistate Tax Commission
Wanda Dorsey-Jenkins	Multistate Tax Commission
Bruce Fort	Multistate Tax Commission
Helen Hecht	Multistate Tax Commission
Holly Coon	Multistate Tax Commission
Wendy Margolis	Multistate Tax Commission
Gregory Matson	Multistate Tax Commission
Thomas Shimkin	Multistate Tax Commission
Bill Six	Multistate Tax Commission
Marshall Stranburg	Multistate Tax Commission
Sherry Tiggett	Multistate Tax Commission
Sabrina Worthington	Multistate Tax Commission

II. Initial Public Comment Period

Nikki Dobay, Council on State Taxation, commented on the Commission's Resolution No. 2015-02, dated July 29, 2015. She asked that the committee consider extending and

modifying the resolution (which is set to expire this year). Greg Matson, Executive Director of the Commission, asked Ms. Dobay to work with staff on the recommendation and provide the committee with a draft.

III. Approval of Minutes of Executive Committee Teleconference Meeting on January 15, 2020

Stephanie Schardin Clarke, New Mexico, moved for approval of the minutes. The motion passed by roll call vote with 13 in favor, no objections, and no abstentions.

IV. Report of the Chair

The Chair provided remarks on the pandemic situation and encouraged continued dialogue and support for one another as tax administrators deal with this unprecedented situation.

V. Report of the Treasurer

- A. 2020 – 2021 Budget Review and Approval
- B. Financial Report for the Period July 1, 2019 – March 31, 2020

Karey Barton, Texas, presented the 2020-2021 budget. The total membership fees requested for FY 2021 remain at the same amount as the approved fees for FY 2020. Other fees remained unchanged. The largest factors affecting the expenditures budget included the addition of Maryland into the Audit Program in FY 2020, allowing for an additional full-time audit position, and an increase in health insurance premiums. Mr. Barton also discussed the financial report, along with explanations for some of the surpluses and deficits.

Mr. Matson noted that because of the apportioned part of the membership assessment and the Nexus Program fee, individual states might see a slight increase or decrease from what they paid last year, but there was no increase overall.

Dee Wald, North Dakota, moved for approval of the budget and financial report. The motion passed by roll call vote with 13 in favor, no objections, and no abstentions.

VI. Report of the Executive Director

Mr. Matson asked the committee to approve changing the recordkeeper for the Commission's defined contribution and deferred compensation plans. After interviewing several recordkeepers, it was determined that Empower Retirement had a number of services and tools available to assist Commission employees in their retirement planning and would offer these at a decreased cost to employees and the Commission. Additionally, there will be added a Roth option to the deferred compensation plan. The current recordkeeper, Newport Group, has requested a resolution approving this change. Mr. Barton moved approval for the Commission to change recordkeeper for the defined benefit and deferred compensation plans. The motion passed by roll call vote with 12 in favor, no objections, and no abstentions.

Mr. Matson reported that a new Deputy Executive Director had been hired to replace Marshall Stranburg, who is retiring. The new deputy is Scott Pattison, who was previously director of

the National Governors Association and the National Association of State Budget Officers. Mr. Matson also thank Mr. Stranburg for his years of dedicated service in the field of state taxation generally, and particularly for the good work he had done in the last four years for the Commission. Members of the committee also thanked Mr. Stranburg and wished him well.

VII. Committee Reports

A. Audit Committee

Frank Hales, Utah, presented the written report. At the November meeting of the Audit Committee, the members voted to allow taxpayer-provided audit narratives to be included, along with MTC staff narratives, in the confidential audit packet provided to Audit Committee members for discussion. This system is slated to begin at the committee meeting scheduled for July 2020, in Little Rock, Arkansas.

B. Litigation Committee

Helen Hecht, MTC, presented. At most meetings, the Litigation Committee sponsors attorney training for state tax staff. Although that was impossible for this meeting, the committee has made a pivot into online webinars, which have generally met with success. The legal staff has been encouraged to produce more content, and is making an effort to reach out to attorneys who may not generally be able to attend MTC meetings.

C. Nexus Committee

Richard Cram, MTC, noted that he has seen a good fiscal year so far as far as collecting back taxes, and voluntary disclosure agreements continue to come in. The committee recently discussed whether states should consider payment plans in conjunction with voluntary disclosure agreements; so far that has not been part of the MTC program. A survey of the state led to the conclusion that, although most states currently do not consider payment plans part of voluntary disclosure, language should be added to the MTC website noting that taxpayers can request a payment plan as part of their voluntary disclosure, and that request will be forwarded to the state.

D. State Intercompany Transactions Advisory Service Committee

Marshall Stranburg, MTC, briefly noted that the committee is considering holding another training and informational session; planning is currently on hold, since due to the pandemic it is uncertain when states will have permission and budget to travel.

E. Strategic Planning Committee

John Ficara, New Jersey, mentioned that the committee plans to meet on Tuesday, April 28, and encouraged attendance and participation. The committee continues to evaluate the Commission's progress with strategic planning.

F. Uniformity Committee

Ms. Hecht discussed ongoing projects, and invited participation in the newest, a work group to follow up on recommendations from the strategic planning task force to come up with a more robust process for identifying and vetting possible new projects.

G. Other Committee Business (if any)

There was no other business.

VIII. Action on Proposed Bylaw Amendments

- A. Bylaw 5 (Clarifies quorum requirements for Commission meetings; permits the annual meeting of the Commission to be exclusively held by telephone, videoconference, or similar technological means; and when determining a quorum, physical presence is not required when the annual meeting is held in such manner)

Mr. Matson noted that the proposed changes were prompted by concerns that restrictions on in-person meeting attendance resulting from the coronavirus pandemic may remain in place at the time when the Commission's annual meeting is required to be held. Review of the Commission's bylaws raised a concern that the bylaws require in-person presence at the annual meeting when determining the presence of a quorum. He explained that the proposed amendments would allow the Executive Committee to direct that the annual meeting of the Commission be exclusively held by telephone, videoconference, or similar technological means and when the Executive Committee takes such action, physical presence is not required for determining a quorum. These bylaw amendments are being proposed out of an abundance of caution so that the Commission would be in compliance with the requirement in the Compact (Article VI. 1. (e)) that an annual meeting of the Commission be held.

Mr. Matson noted that if the proposed amendments are approved, plans are to call a special meeting of the Commission to be scheduled at a time that will be in compliance with the 60 day notice requirement found in Bylaw 12. Then a meeting of the Executive Committee would likely be held concurrently with the Commission meeting where the Executive Committee could direct that the annual meeting of the Commission be held telephonically. No comments were received on the proposed amendments. Michael Hale, Kansas, moved approval of the proposed amendments. There was no debate on the motion. The motion passed by roll call vote with 12 in favor, no objections, and no abstentions.

IX. Uniformity

- A. Draft Amendments to the Commission's Model Statute for Combined Reporting; *Finnigan* Method Option – Update and Possible Action
- B. Draft Revisions to the Statement of Information Concerning Practices of Multistate Tax Commission and Signatory States Under Public Law 86-272 – Update and Possible Action
- C. Other Uniformity Matters (if any)

Gene Walborn, Montana, moved to have the draft amendments to the Commission's Model Statute for Combined Reporting, *Finnigan* method option, proceed to public hearing. There was no debate on the motion. The motion passed by roll call vote with 12 in favor, no objections, and no abstentions.

Ms. Dobay, COST, mentioned COST's ongoing objection to the project, which she characterized as an overstep of PL 86-272. Michael Hale, Kansas, moved to have the draft revisions to the Statement of Information Concerning Practices of Multistate Tax Commission and Signatory States Under Public Law 86-272 proceed to public hearing. There was no

debate on the motion. The motion passed by roll call vote with 11 in favor, no objections, and one abstention.

X. Federal Issues with State Tax Implications

Thomas Shimkin, MTC, reported on current activities in Congress.

XI. Upcoming Meetings & Events

53rd Annual Conference and Meetings, July 27 to 30, 2020 – Little Rock, Arkansas
2020 Fall Committee Meetings, November 16 to 19, 2020 – Albuquerque, New Mexico
2021 Spring Committee Meetings, April 26 to 29, 2021 – Alexandria, Virginia
54th Annual Conference and Meetings, August 2 to 5, 2021 – Anchorage, Alaska

During the discussion of Bylaw 5, Mr. Matson had noted that the proposed changes were prompted by concerns that restrictions on in-person meeting attendance resulting from the coronavirus pandemic may remain in place at the time when the Commission's annual meeting is required to be held. He now requested some informal input from the states regarding their likelihood of attending the annual conference in Little Rock, so that the Commission could consider whether to proceed with plans for an in-person meeting or renegotiate with the hotel and plan for teleconferences. General consensus among the states was that they would prefer to have the option to meet via teleconference, since travel and/or budget may still be an issue. Mr. Matson stated he will consider the input and announce a plan sooner rather than later.

XII. Adjournment

There was no further business. Mr. Walborn moved for adjournment of the meeting, which was approved by unanimous consent at 1:14 p.m.