

Agenda Item III.

Environmental Scan – Strategic Planning Steering Committee

12-11-14 – Nashville, TN

Background: The Environmental Scan is a tool we use to help focus our Strategic Planning priorities and efforts. The organizational strengths and weaknesses that have been identified, and the opportunities and threats that exist in the external environment, will inform the discussion and decisions about the way in which we want to approach the goal areas that we will focus on during the next year. *See MTC Strategic Goals, 2015 Communication Plan.*

Action: In Nashville, we will review the results of the 2013 Environmental Scan and update those results. Please review the 2013 results before the meeting. At that time, we will identify any new items that should be added, delete any items that are no longer applicable, and revise or clarify any items that are unclear or incomplete. We will use the updated scan to help you decide which strategic goal area(s) you want the MTC Committees to focus on during 2015-16.

Results of 12-12-13 Environmental Scan: You did an environmental scan last year in New Orleans. The results of that scan are set forth below.

STRENGTHS: These are strengths the MTC currently has as an organization

- Adds value to state's audit functions
- Competence and expertise in substantive tax law and audit
- Promotes uniformity by providing a forum for discussion of uniformity issues
- Public participation policy and transparency
- Training programs
- Collective wisdom and knowledge of the states
- Ability to build relationships between agencies
- ADR process
- Legal and staff expertise
- Diversity of membership – points of view and experience

WEAKNESSES: These are organizational weaknesses the MTC needs to address

- Unclear sense of our role in relationship to other state tax agencies and organizations
- Lack of effective communication about MTC purposes and goals
- Slow processes, especially uniformity proposal development
- Time constraints on members' attendance at meetings
- Resource constraints (people and financial)
- Lack of respect (outside the MTC) for model recommendations
- High turnover among commissioners and state staff

OPPORTUNITIES: These are opportunities that the MTC can take advantage of to achieve its mission and vision

Strategic planning discipline – further integration into operations and processes
More participation by the states , new tax agency leaders, new representatives to committees
Changes in business models in private sector that allow administrative challenges to be addressed (e.g. collection of tax on remote sales)
Globalization of the economy – as a result, business wants more clarity, certainty and predictability in tax policy and administration
Congressional disarray allows the states to fill the void in assisting legislative policy makers
Outreach and building relationships with other groups – e.g. NCSL, COST
Marketplace Fairness Act (when passed) – single point of audit
More multistate collaboration on resolving issues

THREATS: These are external threats to the MTC’s ability to achieve its mission and purpose

Resistance from industry to our work
Congressional pre-emption
Gillette case and progeny – misperceptions about the case; hasty reactions by states; long-term uncertainty through appeal process
Continuing state budget constraints
Lack of understanding of MTC by outside groups and people
Mischaracterization of MTC in press and by “opposition”
General political climate
State legislative use of tax codes for economic development undermines potential for achieving greater uniformity
Difficult to find well-qualified staff for MTC central operations