



MINUTES OF MEETING HELD MARCH 9, 2015 IN KANSAS CITY

Meeting of the Multistate Tax Commission Income and Franchise Tax Subcommittee

The Davenport Hotel
10 South Post Street
Spokane, Washington

July 28, 2015
10am Pacific

- I. Welcome and Introductions** - The chair, Robyn Wilson, Alaska, called the meeting to order and asked members and participants to introduce themselves. The following is a list of members and participants:

Ben Abalos, MTC	Deborah Bierbaum, AT&T	Roxanne Bland, MTC
Gil Brewer, WA	Lennie Collins, NC	Holly Coon, AL
Christi Daniken OR	Michael Fatale, MA	Jamie Fenwick, Time Warner Cable
Bruce Fort, MTC	Frank Hales, UT	Jack Harper, Walmart
Leonore Heavey, LA	Helen Hecht, MTC	Gary Humphrey, OR
Richard Jackson, ID	Don Jones, OR	Geemon Kurian, DC
Sheldon Laskin, MTC	Greg Matson, MTC	Wood Miller, MO
Jeff Silver, MTC	Phil Skinner, ID	Janice McGee, NM
Adam Beckerink, Reed Smith	Jack Trachtenburg, Reed Smith	Jessica Brown, DC
Derek Love, KPMG, LLP	Shirley Sicilian, KPMG, LLP	Robynn Wilson, AK
Phil Horwitz, CO	Karl Frieden, COST	Warren Townsend, Walmart
Sam Barber, NM (Telephone)	Matt Peyerl, ND (Telephone)	Karen Boucher, Deloitte (Telephone)

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- II. Initial Public Comment Period** – There was no initial public comment.
- III. Approval of Minutes of the Prior In-Person Meeting** – In the minutes of the subcommittee for December 11, 2014, Gary Humphrey, Oregon, noted an error. For Section VI, Process Improvements, the workgroup presented its recommendations to the subcommittee – that we develop a process for considering new projects – which the subcommittee has accepted pending further work. That work has been tabled due to more pressing projects. With this correction, Mr. Humphrey moved that the minutes be approved. The motion carried unanimously.
- IV. Reports and Updates - Federal Issues Affecting State Taxation** – Roxanne Bland, MTC, gave an oral report on the Mobile Workforce Income Tax Simplification Act.
- V. Process Improvements Discussion** - Regarding the uniformity process, Mr. Humphrey noted that last summer, the workgroup identified several barriers to adoptions of uniformity proposals. The workgroup evaluated a few proposals to see if states had adopted them and if not, why. The workgroup then made a recommendation to the group that it undertake the development of criteria and standards for new projects. Subcommittee discussion centered on whether to attempt to draft those criteria currently, noting that much if not all of the time for projects may already be taken up by the need to develop regulations on revisions to UDITPA.
- VI. Proposals for Projects to Increase Ease of Tax Compliance or Administration** - Helen Hecht, MTC General Counsel, gave a short presentation. One of the MTC’s purposes is to facilitate taxpayer convenience and compliance. The MTC is not alone in this. States through the FTA or other groups have undertaken significant projects to ease compliance in various areas including fuel taxes, electronic filing, and Streamlined.

In addition to the uniformity process, the MTC has several ongoing initiatives that have, as a goal, the reduction of administrative and compliance costs including the voluntary disclosure program, and the informal alternative dispute program. Other projects included the RAR, Model Protest Statute. Related uniformity projects included the recommendation to adopt a resolution on the ABA model statute on Class Actions.

With respect to the MTC’s federal adjustment (or “RAR” model), Ms. Hecht recounted that the model was adopted in 2003. No state that we are aware of has adopted the model—possibly because they all already had their own rules and they were comfortable with those rules.

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Karl Frieden, COST, made several suggestions for compliance projects from the practitioner perspective. He passed out copies of COST's administrative scorecard, and urged attendees to review it, if only to see that states have adopted many of COST's suggestions, such as the creation of a tax tribunal, and eliminating the pay to play rule. Karen Boucher, Deloitte, also noted that the AICPA had a booklet on the issue and that the Uniformity Committee had been approached in 2007 about revisiting the issue.

Rich Jackson, Idaho, noted that another possible issue is the need for developing security protocols. Staff was asked to investigate whether such a project actually belongs in the income and franchise subcommittee or whether the FTA might already be looking at this issue.

Phil Horwitz, Colorado, commented that if the RAR project is to be successful, it would likely need to take a different approach than requiring uniform statutes of limitations, penalties, interest, etc. Mr. Jackson and Michael Fatale, Massachusetts, commented that there are technology issues involved, including whether or not GenTax can be relied on to make adjustments easier.

Wood Miller, Missouri, noted that where taxpayers take certain filing positions, knowing that those positions may be altered upon audit, there is more responsibility on the taxpayer to factor in the resources that will be needed to do related state adjustments. The information required by states, in those cases, and the other requirements serve important purposes. So there may be some issues that the committee can address, but a comprehensive overhaul of RAR procedures is probably not a feasible project.

Mr. Jackson noted that the states should consult with GenTax or software providers to see if there is a technology solution.

Ms. Hecht noted that there had been very preliminary and very informal discussion of whether the MTC might act as a clearinghouse for federal change information. At the suggestion of the Chair, staff will investigate the feasibility and report back to the subcommittee. Staff will also report back on the question of whether the FTA has a group that is able to address the issue.

VII. New Business – There was no new business.

VIII. Adjournment – Mr. Horwitz moved to adjourn which was unanimously approved by voice vote.

