



MULTISTATE TAX COMMISSION

**MINUTES of
Uniformity Committee Meeting
Thursday, December 11, 2014
1:00 p.m. Central Time**

I. Welcome and Introductions

Wood Miller, Chair of the Uniformity Committee, (MO) opened the meeting at 1:02 p.m. The following persons were in attendance:

Holly Coon	Alabama Department of Revenue	Lennie Collins	North Carolina Department of Revenue	
Michele Mayberry		Arkansas	North Dakota Office of State Tax Commissioner	
Rouen Reynolds				Matt Peyerl
Joe Garrett				Myles Vosberg
Deanna Munds-Smith	Comptroller of Maryland	Don Jones	Oregon Department of Revenue	
Monica Best James	DC Office of Tax & Revenue	Gary Humphrey	Pennsylvania Department of Revenue	
Aaishah Hashmi		Jason Weimer		
Charles Wilson	Idaho State Tax Commission	Doug Schinkel	State of South Dakota	
Richard Jackson		Gilbert Brewer	State of Washington Department of Revenue	
Steve Wynn				
Phil Skinner	Kansas Department of Revenue	Robynn Wilson	Alaska Department of Revenue	
Richard Cram	Louisiana Department of Revenue	Frank Hales	Utah State Tax Commission	
J. A. Cline	Missouri Department of Revenue	Private Representatives:	Sutherland	
Wood Miller	Montana Department of Revenue			Todd Lard
Lee Baerlocher	Multistate Tax Commis-	Virgil Helton	Fast Enterprises	
Gene Walborn				
Roxanne Bland				

Bruce Fort	sion	Karen Boucher	Deloitte
Helen Hecht		Karl Frieden	Council On State Taxation
Sheldon Laskin		Deborah Bierbaum	AT&T
Ben Abalos		By Phone:	
Ken Beier		Stewart Binke	Michigan Department of Treasury
Lila Disque		Chris Coffman	State of Washington Department of Revenue
Gregory Matson		Anita Conor	New Mexico Taxation & Revenue
		Andrew Glancy	West Virginia State Tax Department
		Dan Harbor	New Mexico Taxation & Revenue
		Ben Miller	
		Diann Smith	McDermott

II. Approval of Minutes of In-person Meeting, July 28, 2014 and Report on Teleconferences – August 26, 2014, September 23, 2014, October 7, 2014

Gary Humphrey (OR) moved to approve the minutes. The motion passed by voice vote. Richard Cram (KS) noted the teleconferences were related to the regulation projects for the Article IV amendments, which will be discussed below.

III. Public Comment Period

There were no comments.

IV. Other Reports and Possible Action

A. Update on Bylaw 7 Surveys for Section 17 Conforming Amendments, and Section 18

Helen Hecht, MTC General Counsel, provided the update. The amendments were sent back to the Uniformity Committee after the Executive Committee's May 2014 meeting. They were brought back in July, and approved for Bylaw 7 survey. Two surveys were sent out, one on additional Section 18 amendments and one on Section 17 conforming amendments. They will next go on the agenda for consideration by the Commission.

B. Sales/Use Tax Subcommittee

Richard Cram, Chair of the Sales and Use Tax Subcommittee, (KS) reported on the subcommittee meeting. The subcommittee spent the bulk of its time on the Sales & Use Tax Model Nexus statute. The work group produced different models to take into account variations in structure among states' sales and use taxes. They discussed some additional changes that will be reflected in the new copies. It was recommended to forward to the full Uniformity Committee for consideration and possible recommendation to the Executive Committee. The subcommittee also received updates on two ongoing projects.

Mr. Cram moved for approval of the drafts of the model nexus statute as amended at the subcommittee. Given the morning debate, Myles Vosberg (ND) favored waiting and considering the changes made. Mr. Wood noted it would be unlikely to be taken up by the Executive Committee until May. Therefore, a new draft could be taken up and addressed in March, at the full Uniformity Committee meeting, with no delay in adoption of the model.

Mr. Cram amended his motion effectively returning the model to the subcommittee which passed by show of hands, with 16 in favor and 3 abstaining.

C. Income/Franchise Tax Subcommittee

Robynn Wilson (AK), Chair of the Uniformity Subcommittee on Income & Franchise Tax, reported on the subcommittee meeting. The subcommittee primarily spent its time addressing the project on trust nexus and apportionment. However, the subcommittee considered the probable work coming its way regarding Article IV regulations, and decided to postpone any further work on the trusts project. There were no action items for the committee.

V. UDITPA Section 17 Work Group – Model Market-Sourcing Regulations

A. Update on Status

Ms. Hecht presented. The group has been meeting for an hour every week; so far they are still discussing the structure and nature of the regulation. Anyone who would like to be updated on the project may visit the Uniformity project page; all materials are posted there. The group also has a wiki page where anyone may submit comments.

B. Public Comment

None

C. Presentation of Analysis of Existing Rules

Ms. Hecht asked a few state representatives to discuss their market-sourcing rules for sourcing of services: how they work, and why they were chosen. Representatives from Alabama, Massachusetts, and Washington volunteered.

D. Committee Discussion

Phil Skinner (ID) asked Mr. Fatale to estimate the amount of man hours that went into the project. Mr. Fatale said they had attorneys working on it in a significant way for the better part of the year. Given the amount of time it took to produce the regulation, Mr. Skinner proposed that the drafting group start with Massachusetts' regulations as the first draft. Where the group disagrees with Massachusetts' sourcing, it can revise. Dee Wald (ND) supported this idea.

Ben Miller agreed Massachusetts' regulations represent a very good starting point. He might order it a little differently because he feels the Massachusetts rules break down into 2 situations: in-person, direct, physical delivery where you have nexus over the taxpayer anyway, and electronic delivery. He will send an outline out to the working group this week.

Joe Garrett (AL) asked about a timeline for the group. Mr. Miller proposed July 2015, which he noted may be somewhat ambitious. Mr. Humphrey supported the idea. Mr. Skinner moved to suggest to the working group that they start with the Massachusetts regulations as their starting draft for the entire Section 17 regulation. The motion passed by show of hands with 19 in favor.

VI. UDITPA Section 1 Work Group – “Receipts”

A. Update on Status

Sheldon Laskin, MTC counsel, stated that the work group has been meeting every other week for an hour. They are currently working up an issue list and policy checklist. He presented an updated version of the checklist on the overhead projector.

B. Public Comment

There were no comments.

C. Committee Discussion

There was some discussion over whether "maturity, redemption, exchange, loan, or other disposition..." is to be read more broadly than treasury function. Mr. Laskin asked the group for references to people who are experts in the area of securities who could talk to the group about the subject and how some scenarios might play out.

Mr. Humphrey recommended reviewing Ms. Sicilian's memo to the executive committee, which she put together when assembling the model language.

Matt Peyerl (ND) noted there will be some crossover between the Article IV projects, because things that are included as receipts are going to be sourced via the section 17 project.

Roundtable Discussion*(come prepared to share your State's multistate sales tax and income and franchise tax issues, including any plans for adopting current Commission uniformity recommendations)

The states discussed current issues and developments in tax law. The states continue a slow shift toward more heavily weighted sales factors. Texas and Utah welcomed a new comptroller and commissioner, respectively, and several states are heading into their legislative sessions.

VII. New Business

There was no new business.

VIII. Adjourn

The meeting adjourned at 3:37 p.m.