Annual Business Meeting of the Multistate Tax Commission
July 31, 2008
Santa Fe, New Mexico

I. Roll Call of the States

A roll call of compact states was taken. Alabama, Arkansas, Alaska, California, Colorado, D.C., Hawaii (by phone), Idaho, Kansas, Michigan, Minnesota, Mississippi, Montana, New Mexico, North Dakota, Oregon, South Dakota (by phone), Texas (by phone), Utah, and Washington, were present; no compact states were absent.

The following individuals attended the meeting:

Name	Affiliation	Name	Affiliation
Robyn Wilson	AK	Donnita Wald	ND
Michael Mason	AL	Mary Loftsgard	ND
Tim Russell (via phone)	AL	Brian Bedford (via phone)	NY
Tom Atchley	AR	Elizabeth Harchenko	OR
Danny Walker	AR	William Hamner (via phone)	TX
Richard Moon	CA BOE	Bruce Johnson	UT
Ben Miller	CA FTB	Rod Marrelli	UT
Tim Weber	CO	Russ Brubaker	WA
Charles Wilson	DC	Craig Griffith	WV
Steve Cordi	DC	**Private Sector/Other**	
Ed Many	GA	Jana Malone	COST
Kurt Kawafuchi	HI	Diann Smith	Sutherland
Ted Spangler	ID	Ferdinand Hogroian	PWC
Richard Cram	KS	Dustin Hubbard	PWC
Jennifer Hays	KY	Delores Gregory (via phone)	BNA
Cynthia Bridges	LA	Karen Setze	Tax Notes
Dale Vettel	MI	**MTC Staff**	
Michael Fatale	MA	Joe Huddleston	Sheldon Laskin
Ward Einess	MN	Greg Matson	Thomas Shimkin
Don Trimble	MN	Shirley Sicilian	Bill Six
Omar Davis, Chair	MO	Ken Beier	Bruce Fort
Wood Miller	MO	Roxanne Bland	
Dan Bucks	MT	Elliott Dubin	
Lennie Collins	NC	Les Koenig	
Rebecca Abbo	NM		
Cory Fong	ND		

II. Public Comment Period

Diann Smith asked to clarify comments from the annual meeting held that morning regarding the Uniform Laws Commission's project to re-write UDITPA. Ms. Smith stated that the National Conference of State Legislatures' (NCSL's) Task Force on Electronic Commerce spoke against effort and NCSL provided funding for travel to the meeting in Montana. The NCSL Task Force on Electronic Commerce passed a resolution opposing the UDITPA re-write project.

III. Approval of Minutes of August 2, 2007 Annual Business Meeting

Oregon (Harchenko) moved to approve the minutes of the August 2, 2007, Annual Business Meeting. After the motion duly made, the minutes were approved by the following vote:

Yes	No	Abstain	Absent
AL, AK, AR, CA, HI, ID, KS, MI, MN, MT, MO, ND, NM, OR, SD, TX, UT, WA			

IV. Report of the Chair

The Chair thanked the Commission and members for their continued efforts and support, and deferred remaining comments until later.

V. Report of the Treasurer.

Tim Russell, appearing via phone, introduced the Fiscal Year 2009 Budget Report for the 12-month period July 1, 2008 through June 30, 2009. Joe Huddleston summarized the report and discussed the expected savings and significant expenditures amounts as follows:

- The Commission is changing its health care insurance provider from Guardian to Blue Cross/Blue Shield; expected savings: $32K.

- The Commission's retirement plan provider is also changing; expected savings: $22,000.

- The Commission will not renew the Houston office lease when it expires; expected savings: $8,000.

- Voluntary Disclosure Program Database Application Project: Funding for the Revenue Solutions Inc. contract is drawn from Nexus Program reserves. Remainder of contract cost of $242,775 will be drawn from Nexus Program reserves for FY09.

- Audit Program: Georgia and Illinois coming in this year as members of the joint audit program with fees calculated at one-third for first year, increasing by a third each subsequent year until full fee amount is reached.

- Two new audit positions are recommended; one new full-time legal counsel position is recommended.

Oregon (Harchenko) moved to approve Expenditure Budget Report. After the motion duly made, the budget was approved by the following vote:

Yes	No	Abstain	Absent
AL, AK, AR, CA, HI, ID, KS, MI, MN, MT, MO, ND, NM, OR, SD, TX, UT, WA			

VI. Report of the Executive Director

Mr. Huddleston briefly reviewed highlights of his written report for the period July 1, 2007, through June 30, 2008, expressing his appreciation for the efforts of the Commission staff.

VII. Report of the Executive Committee & Other Committees or Programs

A. Committee and Program Reports.

1. Executive Committee. Mr. Huddleston reported that the written materials provided to attendees covered the topic and he had nothing to add.

2. Audit Committee: Les Koenig had nothing to add to the written report.

3. Nexus Committee: Tom Shimkin reported that the Nexus Program had secured $15 million in collections from voluntary disclosure agreements, and stated further that Nexus Program members continue to work to make voluntary disclosure approval process faster.

4. Litigation Committee: Bruce Fort noted that the committee will have a new fall meeting in Nashville in October, coinciding with the Hartman State and Local Tax Forum.

5. Technology Committee: Greg Matson stated that the report in the materials provide guidance on current projects, and he had nothing to add to the report.

6. Uniformity Committee: Ted Spangler expressed thanks to Richard Cram and Wood Miller for chairing the committee's two subcommittees. Mr.

Spangler reported that the hotel intermediaries proposal was voted out of subcommittee, but the full committee voted to hold the project until November meeting to allow more time for evaluation.

7. Training Program: Ken Beier reported that the MTC statistical sampling course has been revised to include new software for statistical sampling. Mr. Beier encouraged states to send auditors to this course and mentioned that some sessions of this course are open to private sector as well as state participants.

B. Commission Action on Executive and Standing Committee Reports.

Montana (Bucks) moved for acceptance of committee reports and ratification of the actions of the Executive Committee actions since the previous meeting in July of 2007. After the motion duly made, the motion carried by following vote:

Yes	No	Abstain	Absent
AL, AK, AR, CA, ID, KS, MI, MN, MT, MO, ND, NM, OR, UT, WA			TX, HI

VIII. Unfinished Business

There was no unfinished business.

IX. New Business

A. Proposed Model Statute and Regulation for Statistical Sampling. A resolution adopting the Model Uniform Statute for Statistical Sampling and accompanying regulations was introduced. Kansas (Cram) moved for approval of the resolution.

After the motion duly made, the model statute and regulation were adopted by the following vote, representing at least 60 percent of the compact states by number and 78.65 percent of the compact of the states by population:

Yes	No	Abstain	Absent
AL, AK, AR, CA, CO, DC, ID, KS, MI, MN, MT, MO, ND, NM, OR, UT, WA			TX, HI

B. Proposed Model Statute for Taxation of Captive Real Estate Investment Trusts. A resolution adopting the Model Uniform Statute for Captive Real Estate Investment Trusts was introduced. Oregon (Harchenko) moved for approval of resolution.

After the motion duly made, the model statute was adopted by the following vote, representing at least 60 percent of the compact states by number and 78.65 percent of the compact of the states by population:

Yes	No	Abstain	Absent
AL, AK, AR, CA, CO, DC, ID, KS, MI, MN, MT, MO, ND, NM, OR, UT, WA			TX, HI

C. Proposed Model Regulation for Apportionment of Telecommunications and Ancillary Services Receipts. A resolution adopting the Proposed Model Regulation for Apportionment of Receipts from Telecommunications and Ancillary Services was introduced.

Diann Smith asked to make public comments. The Chair invited her to do so. Ms. Smith stated that her telecommunications clients opposed this measure. The telecommunication industry believes certain portions of the model do not address technical issues or achieve fairness in apportionment. The telecommunications industry does not believe it should have been singled out for this special apportionment rule.

California (Miller) then moved for approval of the resolution. After the motion duly made, the model regulation was adopted by the following vote, representing at least 60 percent of the compact states by number and 78.65 percent of the compact of the states by population:

Yes	No	Abstain	Absent
AL, AK, AR, CA, CO, DC, ID, KS, MI, MN, MT, MO, ND, NM, OR, UT, WA			TX, HI

X. Resolutions

A. Honorary Resolutions A—H. Elizabeth Harchenko suggested that all honorary resolutions be adopted together to obviate multiple voting. The Chair, noting no objections, declared that the honorary resolutions would be considered on that basis.

Oregon (Harchenko) moved to adopt honorary resolutions 2008A through 2008H. After the motion duly made, the resolutions were adopted by the following vote:

Yes	No	Abstain	Absent
AL, AK, AR, CA, CO, DC, ID, KS, MI, MN, MT, MO, ND, NM, OR, UT, WA			TX, HI

B. Resolution in Support of the National Conference of Commissioners on Uniform State Laws Project to Revise UDITPA. California (Miller) proposed amending the resolution in the following respects: (1) title change to reflect new name for Uniform Law Commission, instead of NCCUSL, (2) strike the ninth whereas clause, and (3)

amend the first resolved clause as follows: "Resolved, that the Multistate Tax Commission urges the Uniform Law Commission to revise UDITPA in order to bring this cornerstone of equitable and fair apportionment of income earned in interstate commerce into the 21st Century" or language to that effect.

Oregon (Harchenko) moved to the adopt the resolution with the amendments proposed by California. After the motion duly made, the resolution was adopted by the following vote:

Yes	No	Abstain	Absent
AL, AK, AR, CA, CO, DC, ID, KS, MI, MN, MT, MO, ND, NM, OR, UT, WA			TX, HI

C. Policy Resolution 2003-01, State Tribal Tax Issues. MTC staff explained that the purpose of this resolution is to prevent the lapse of the 2003 policy resolution. Oregon (Harshenko) suggested that the resolution might be better put forth as a policy statement.

Montana (Bucks) moved to adopt Policy Resolution 2003-01 as a resolution, not a policy statement. After the motion duly made, the resolution was adopted by the following vote:

Yes	No	Abstain	Absent
AL, AK, AR, CA, CO, DC, ID, KS, MI, MN, MT, MO, ND, NM, OR, UT, WA			TX, HI

D. Policy Resolution 2002-02, Ensuring the Equity, Integrity and Viability of State Income Tax Systems. The resolution was introduced, with amendments suggested by staff. Amendments included eliminating expiration date and including reference opposing proposed Congressional action limiting state income taxation of wage income of transient workers.

Montana (Bucks) moved to the adopt resolution with the amendments proposed by Commission staff. After the motion duly made, the resolution was adopted by the following vote:

Yes	No	Abstain	Absent
AL, AK, AR, CA, CO, DC, ID, KS, MI, MN, MT, MO, ND, NM, OR, UT, WA			TX, HI

XI. Report of Nominating Committee

Ms. Harchenko gave the report of the nominating committee, providing a slate of nominees to be officers for the upcoming year:

- Chairman: Omar Davis (Missouri)
- Vice Chairman: Steve Cordi (District of Columbia)
- Treasurer: Tim Russell (Alabama)
- At large: Selvi Stanislaus (California FTB); Susan Coombs (Texas); Roxy Huber (Colorado); and Ward Einess (Minnesota).

The Chair asked for any nominations from the floor; no nominations were offered.

XII. Election of Officers and Executive Committee.

Oregon (Harchenko) moved that the nominations for officers be closed and that slate of officers be elected. Upon the motion duly made, the states voted on the nominated slate of officers as follows:

Yes	No	Abstain	Absent
AL, AK, AR, CA, CO, DC, ID, KS, MI, MN, MT, MO, ND, NM, OR, UT, WA			TX, HI

The following persons were elected to serve as officers of the Commission for 2008-2009:

- Chairman: Omar Davis (Missouri)
- Vice Chairman: Steve Cordi (District of Columbia)
- Treasurer: Tim Russell (Alabama)
- At large: Selvi Stanislaus (California FTB); Susan Coombs (Texas); Roxy Huber (Colorado); and Ward Einess (Minnesota).

XIII. Comments by Chair-Elect.

The Chair graciously accepted the position, and thanked the Commission for its continued support.

XIII. Adjournment.

The Chair moved that the meeting be adjourned of the meeting. Upon the motion duly made, the states voted to adjourn as follows, and the meeting adjourned at 2:30 p.m.:

Yes	No	Abstain	Absent
AL, AK, AR, CA, CO, DC, ID, KS, MI, MN, MT, MO, ND, NM, OR, UT, WA			TX, HI