



Annual Business Meeting of the Multistate Tax Commission

July 28, 2010

Hood River, Oregon

I. Roll Call of the States

The chair convened the meeting at 2:00 p.m. Pacific Time. A roll call of compact states was taken. Alabama, Alaska, California, Colorado, District of Columbia, Idaho, Michigan, Minnesota, Missouri, Montana, North Dakota, Oregon, Texas, and Washington were present. Hawaii, Kansas, South Dakota, and Utah were absent. Arkansas and New Mexico participated via telephone.

The following individuals attended the meeting either in person or *via telephone*:

Name	Affiliation	Name	Affiliation
Mike Mason	Alabama	Private Sector/Other	
Robynn Wilson	Alaska	Damian Hunt	Expedia
<i>Danny Walker</i>	Arkansas	Harley Duncan	KPMG
Ben Miller	California FTB	Todd Lard	COST
Roxy Huber	Colorado	John Allan	Jones Day
Phil Horwitz	Colorado	Nicola White	Tax Analysts
Steve Cordi, Chair	D.C.	Deborah Bierbaum	AT&T
Anita DeGumbia	Georgia	Jamie Fenwick	Time Warner Cable
Royce Chigbrow	Idaho	Karen Boucher	Deloitte
Donna Donovan	Michigan	Rilla Livingston	IRS
Jack Mansun	Minnesota	Daniel Schibley	CCH
Wood Miller	Missouri	<i>Ferdinand Hogroian</i>	PWC
Dan Bucks	Montana	<i>Diann Smith</i>	Sutherland
<i>Rebecca Abbo</i>	New Mexico	Gregory Potts	Wal-Mart
Lennie Collins	North Carolina		
Cory Fong	North Dakota	MTC Staff	
Mary Loftsgard	North Dakota	Ken Beier	Les Koenig
Ryan Rauschenberger	North Dakota	<i>Roxanne Bland</i>	Greg Matson
Myles Vosberg	North Dakota	Elliott Dubin	Thomas Shimkin
Donnita Wald	North Dakota	Bruce Fort	Shirley Sicilian
Elizabeth Harchenko	Oregon	Joe Huddleston	William Six

Name	Affiliation	Patuxent Consulting	
Nancy Prosser	Texas	Jim Rosapepe	<i>Len Lucchi</i>
Cindi Holstrom	Washington		
<i>Craig Griffith</i>	West Virginia		

II. Public Comment Period

There were no public comments during this part of the meeting.

III. Approval of Minutes of the of the Annual Business Meeting held July 30, 2009

Ms. Harchenko (Oregon) moved to approve the minutes of the July 30, 2009, Annual Business Meeting. Mr. B. Miller (California) requested that the California Board of Equalization attendee be indicated on the minutes. After the motion duly made, and with the change suggested by Mr. B. Miller, the minutes were approved by a unanimous voice vote.

IV. Report of the Treasurer

Ms. Donovan (Michigan) presented the budget report, noting approval by the Executive Committee of the revenue portion on May 24, 2010, and the expense portion on July 1, 2010. She also thanked staff, particularly Mr. Six, for their work in preparing the budget. In addition, she commented that the Commission has been thoughtful in restraining expenses, and noted that there is no salary increase or addition to staff in the budget. She added that there is one vacant audit position in the budget, and an allowance for a 15 percent increase in health insurance premiums.

Mr. Fong (North Dakota) moved approval of the proposed budget. This was approved by a unanimous voice vote.

Following the vote, Mr. Huddleston noted that the Commission staff continues to monitor health care cost increases, and that he does not expect to fill the vacant audit position until the first of the calendar year.

V. Report of the Executive Director

Mr. Huddleston explained that much of what is in his written report will be covered by committee reports later in the meeting. For the Audit Program, he cited excellent results for the year, and for the Nexus Program, he noted collection of over \$60 million for the states during the fiscal year. He added that the long-run benefits are really important for the nexus voluntary disclosures. He also expressed his appreciation for the legal staff and the Director of Policy Research, Mr. Dubin. He noted that the Training Program, which is a cost to the Commission, brings the best people together to train state tax personnel. He closed by commending executive assistant Loretta King and Mr. Six for their support of the annual meeting and Mr. Matson for his work in supporting the Commission.

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

A. Committee & Program Reports

Mr. Matson presented the report of the Executive Committee for Mr. Huddleston, who serves as the Secretary of the Commission, noting changes in the membership status of some states.

Mr. Koenig presented the Audit Committee report and commented on the use of an electronic waiver form for taxpayers. He added that the joint Audit and Litigation Committee session in March 2010 was very helpful.

Ms. Sicilian presented the Litigation Committee report, noting state contributions to committee programs. Mr. Fort, in response to a comment from Mr. Fong on tax increment financing, noted that the committee had brought in an outside speaker on this topic. Mr. Bucks (Montana) requested that staff prepare a summary of this topic for tax administrators.

Mr. Shimkin, in his presentation of the Nexus Committee Report, referred to the level of collections from the voluntary disclosure program, Nexus School activity, and nexus investigations. Following questions on a state-by-state breakdown of Nexus program results, Mr. Matson indicated that this breakdown for the Nexus and Audit programs would be distributed on Thursday.

The Technology Committee report was presented by Mr. Matson, the Uniformity Committee report was presented by Ms. Sicilian, and the Training Program report was presented by Mr. Beier. In response to a question from Mr. Fong on attendance patterns for MTC courses, Mr. Beier commented that fewer states are able to pay for travel expense; thus, we need a substantial enrollment commitment from host states to support MTC courses. Mr. Bucks noted the unique contribution of the Training Program, and the compelling reasons for training newly hired staff.

B. Commission Action on Executive & Standing Committee Reports

Mr. Bucks commented that the Commission often ratifies actions of the Executive Committee that were taken during the prior year. The chair characterized this as a motion and it was approved by unanimous voice vote.

VII. Unfinished Business

There was no unfinished business to consider at the meeting.

VIII. New Business

A. Uniformity Proposals before the Commission

1. Repeal of Uniform Principles Governing State Transactional Taxation of Telecommunications – Vendor and Vendee Versions

Ms. Sicilian explained the repeal and Mr. Bucks moved to approve. The repeal was approved with the following roll call vote:

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

The states voting for the motion represented 89.21 percent of the population of those states eligible to vote.

2. Repeal of Guideline Regarding Applicability of Sales and/or Use Tax to Sales of Computer Software

Following a brief explanation by Ms. Sicilian, Mr. Fong moved to approve repeal of the guideline. This was approved by the following roll call vote:

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

The states voting for the motion represented 93.59 percent of the population of those states eligible to vote.

3. Model Uniform Regulation IV.18.(A) Amendments

Following a brief summary of the proposed amendment by Ms. Sicilian, Mr. B. Miller moved to adopt the amendment. The amendment was adopted with the following roll call vote:

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

The states voting for the motion represented 93.59 percent of the population of those states eligible to vote.

IX. Resolutions

The chair explained the proposed resolutions—renewal of four resolutions from 2005 that will expire without action by the Commission, and honorary resolutions for Oregon, Ted Spangler, and the committee chairs. In response to a question from Mr. Fong, Ms. Bland stated that the 2005 resolutions, if renewed, retain their current numbering with a notation on their extension. Mr. B. Miller moved for approval of renewal of Resolutions 2005-01, 2005-02, and 2005-03. Following a suggestion that language in 2005-02 could be improved, Mr. B. Miller was allowed by the chair to amend his motion to exclude 2005-02.

Renewal of Resolutions 2005-01 and 2005-03 were then approved by unanimous voice vote.

For renewal of Resolution 2005-02, Mr. Fong suggested adding the following before the initial “resolved” statement: “Whereas, given the economic condition of most states, expanding the refund offset program at this time presents Congress with an opportunity to assist states in the collection of existing tax debt and raise state revenues.”

Renewal of Resolution 2005-02, as amended, was then approved by unanimous voice vote.

Renewal of Resolution 2005-04 was then discussed. Mr. Bucks moved for approval of the version that was displayed on a screen, with changes that cite the robust growth of the Internet in the “whereas” clauses, and concludes that the tax pre-emption is no longer needed to promote the growth of or availability of the Internet.

Renewal of Resolution 2005-04, as amended, was then approved by unanimous voice vote.

Mr. B. Miller moved to approve Honorary Resolutions 2010A through 2010G. These were approved by unanimous voice vote.

X. Report of the Nominating Committee

The Report of the Nominating Committee was distributed. There were no additional nominations.

XI. Election of Officers and Executive Committee

Ms. Harchenko moved to elect the slate of officers and at-large members of the Executive Committee for 2010-2011 that were recommended by the Nominating Committee. This consists of: Chair, Stephen M. Cordi (D.C.); Vice Chair, Cory Fong (North Dakota); Treasurer, Robert J. Kleine (Michigan), and at-large members Royce Chigbrow (Idaho), Susan Combs (Texas), Roxy Huber (Colorado), and Selvi Stanislaus (California). The slate of officers was elected by unanimous voice vote.

XII. Report of the Chair

The chair commended Oregon and the MTC staff for support of the meetings in Hood River.

XIII. Adjournment

Following comments by Mr. Bucks on the merits of Whitefish, Montana, Mr. B. Miller moved to adjourn the meeting, which, on a consensus of those present, occurred at 3:25 p.m.