



MULTISTATE TAX COMMISSION

Multistate Tax Commission Annual Business Meeting

August 2, 2007

Marriott City Center, 30 South Seventh Street, Minneapolis, Minnesota

I. Roll Call of the States

The Chair, Joan Wagnon, called the meeting to order at 1:15 PM Central Time. Bill Six called the roll of member states. Seventeen states reported present. The following individuals attended:

Name	State or Affiliation	Name	State or Affiliation
Joan Wagnon	Kansas	Dan Salomone	Minnesota
Michael Mason	Alabama	Trish Vincent	Missouri
Tom Surtees	Alabama	Wood Miller	Missouri
Robynn Wilson	Alaska	Dan Bucks	Montana
Danny Walker	Arkansas	Jan Goodwin	New Mexico
Tom Atchley	Arkansas	Lennie Collins	North Carolina
Selvi Stanislaus	California FTB	Cory Fong	North Dakota
Ben Miller	California FTB	Donnita Wald	North Dakota
Neil Shah	California BOE	Elizabeth Harchenko	Oregon
Richard Moon	California BOE	Susan Combs	Texas
Charles Wilson	District of Columbia	Nancy Prosser	Texas
Anita DeGumbia	Georgia	Bruce Johnson	Utah
Tu Duc Pham	Hawaii	Rod Marrelli	Utah
Royce C. Chigbrow	Idaho	Russ Brubaker	Washington State
Ted Spangler	Idaho	Virgil Helton	West Virginia
Private Sector			
Mack Wolski	BNA	Matt Den Hartigh	PricewaterhouseCoopers
Dan Schibley	CCH	Kevin Borg	PricewaterhouseCoopers
Beth Cooley	COST	Diann Smith	Sutherland Asbill &
Todd Lard	COST	John Bull	Brennan LLP
			Tax Analysts
Commission Staff & Consultants			
Joe Huddleston	Ken Beier	Gregory Matson	Jim Rosapepe
Shirley Sicilian	Les Koenig	Jerry Schleeter	(Patuxent Consulting)
Thomas Shimkin	Elliott Dubin		
Bill Six			

II. Public Comment Period

Public comment was deferred until the appropriate section of the meeting.

III. Approval of the Minutes of the August 17, 2006 Annual Business Meeting and the September 7, 2006 Special Commission Meeting

Jan Goodwin moved and Susan Combs seconded approval of the minutes of the meeting of August 17, 2006 and the special commission meeting on September 7, 2006. The motion carried.

IV. Report of the Chair

Joan Wagnon made comments on the new website, new logo, and newly added MTC staff members.

V. Report of the Treasurer

Dan Salomone gave the Treasurer's Report. Highlights included the addition of three new states, the additional revenue realized from them, and expense for a 4% increase in salaries, 19% increase in health insurance expense, expansion of the DC office, and two new audit positions. Dan Bucks moved and Jan Goodwin seconded acceptance of the treasurer's report as presented. Discussion followed. Dan Bucks requested consideration of the creation of a communications position by the Executive Committee and an appropriate salary allowance. Joe agreed to consider it and bring back a proposal in November for that possible position. Susan Combs commented positively as to having a comfortable cash reserve account. Motion carried.

VI. Report of Executive Director

Mr. Huddleston reviewed some highlights of the past year. They included the addition of Georgia and Maryland as Sovereignty members. Indiana has returned as an Associate Member. Joe commented positively on the audit program and training program. Joe made special note of a letter from the Department of the Treasury regarding exchanging information in relation to taxpayer examinations and compliance programs. The IRS has agreed to share their data.

Joe additionally commented on Joan Wagnon's great management as Chair during the past year and how he had enjoyed working with her.

VII. Executive Committee Report**A. Committee & Program Reports****1. Executive Committee**

Referring to the written report that had been distributed, Greg Matson reported on the activities of the Executive Committee.

2. Audit Committee Report

Les Koenig summarized his written report on the Audit Committee and reported that productivity has increased while the number of audits has been roughly level.

3. Litigation Committee

Referring to the written report that had been distributed, Shirley Sicilian reported on the recent activities of the Litigation Committee.

4. Nexus Committee

Referring to the written report that had been distributed, Tom Shimkin noted that it had been a good year for the Nexus Program. \$10.5 million was collected for the states, which was an increase, while there was a leveling off of the number of cases. He is in the process of increasing the Voluntary Disclosure Program with a new staff member. He hopes to double the amount of money generated through this program.

5. Technology Committee

Referring to the written report that had been distributed, Greg Matson reported that a number of projects will be coming to a close. He also reported that there is great anticipation of bringing some automation to the audit area.

6. Uniformity Committee

Referring to the written report that had been distributed, Ted Spangler reported on the work of the Income and Franchise Tax Subcommittee on REITs. He commented on the Model Rule for Financial Institutions. He recommends a meeting with the financial products industry that includes state participation.

7. Training Program

Referring to the written report that had been distributed, Ken Beier reported on the training program. The sampling classes will be revamped with the help of Bob Schauer.

B. Commission Action on Executive and Standing Committee Reports

Elizabeth Harchenko commented that the work of the commission is really done by the committees and encouraged state representatives to get their personnel

involved with the committees. She also urged all, and especially newer members of the commission, to stay in close contact with the committees and their work.

Dan Bucks moved and Jan Goodwin seconded acceptance of the reports on the work of the committees. Motion carried.

VIII. Unfinished Business

There was no unfinished business.

IX. New Business

A. "On Behalf of" Amendment to Model Regulation IV.17

The On Behalf Of amendment was presented by Shirley Sicilian. This proposal would amend Article IV, Section 17 of the Multistate Tax Commission Compact by eliminating the phrase "on behalf of the taxpayer". She noted that the cost of performance sourcing is rising. There was no public comment on this issue. It was moved by Elizabeth Harchenko and seconded by Jan Goodwin to accept the amendment. Bill Six called the roll of the states.

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

The motion carried with 16 states representing 66.54 percent of vote, by population, voting in the affirmative.

B. Amendments to Commission By-laws to Sections 5, 6 and 11.

Shirley Sicilian explained amendments to Bylaws 5 & 6 which change the definition of a quorum from requiring 50% present to include attendance by teleconference. Another change is to hold voting open for two weeks for absent or abstainers to vote. Discussion followed.

For Section 11 the proposal changes the language from a 20 day notice by mail to immediate unless a member invokes section 6f. There was no public comment. Jan Goodwin moved, with a second from Susan Combs, to accept the changes to sections 5 and 6. Following additional discussion, Bill Six called the roll of the states.

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

The motion to amend Sections 5 and 6 carried with 17 states representing 86.64% of the vote by population voting in the affirmative.

In regard to the Section 11 changes, Ms. Sicilian explained that the Commission would change to using Masons Law of Participation from Roberts Rule of Order to conduct regular meetings. Roberts requires Seconds and Mason's does not. Dan Salomone moved, and Danny Walker seconded acceptance of this change. Bill Six called the roll of the states.

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

The motion carried with 15 states representing 79.28% of the vote by population voting in the affirmative.

X. Report of the Resolutions Committee.

Russ Brubaker moves to accept all proposed resolutions that thanked and commended people who have helped and served the Commission so well. Motion carried.

XI. Report of the Nomination Committee

The nominations slate was presented by Elizabeth Harchenko. Jan Goodwin, Trish Vincent, and Tom Surtees were nominated for the position of Chair, Vice Chair, and Treasurer, respectively. There were no additional nominations from the floor.

XII. Election of Officers and Executive Committee

Elizabeth Harchenko moved to acceptance of the slate presented by the nominating committee. The motion carried.

XIII. Comments by Chair-Elect

Jan Goodwin accepted the new chair position and congratulated Joan Wagnon and thanked her for her service.

XIV. Adjournment

Chair declared the meeting adjourned.