



MULTISTATE TAX COMMISSION  
Working Together Since 1967 to  
Preserve Federalism and Tax Fairness

TO: Executive Committee  
FROM: Lennie Collins, Nexus Committee Chair  
RE: Nexus Committee Activities FY 2013 to Date  
DATE: April 30, 2013

This report reviews Nexus Committee activity during fiscal year 2013 to date (July 1 through April 30, 2013).

### **Committee Activities**

The committee met on July 31, 2012 in Grand Rapids, Michigan and on March 7, 2013 in St. Louis, Missouri. It heard staff reports about activities of the National Nexus Program, including its voluntary disclosure program.

To date in FY 2013 (July 1 – April 30, 2013), the Commission:

- Recovered \$7,039,584 on behalf of Nexus member-states through 476 completed contracts.
- Recovered \$575,174 on behalf of Nexus non-member states through 66 completed contracts.

For comparison, the program recovered \$12.5 million on behalf of Nexus member-states in FY 2012. These amounts do not include interest or the future value of a new taxpayer.

The committee explored the following issues at its July meeting in preparation for decision at its meeting in March.

- *Template voluntary disclosure agreement.* This is the text of the standard agreement offered to states in multi-state voluntary disclosure. The committee discussed how to preserve uniformity in light of continuing changes requested by states. The committee also considered several of these proposed changes, including a change to the uniform deadlines
- *Procedures of Multi-state Voluntary Disclosure.* This document provides rules that govern the Commission's multi-state program. The committee discussed a number of issues, including how to preserve uniformity, and whether to make certain changes.

- *Nexus Charter.* The Charter summarizes the National Nexus Program's purpose and activities. Some of the activities have changed in practice since its last update. The committee approved a motion to develop suggestions for the Executive Committee. [This draft is attached.]

The committee met on March 7 in St. Louis, Missouri.

- *Approval of Matters from July.* The committee approved motions to make the above changes to the template voluntary disclosure agreement and the Procedures of Multi-state Voluntary Disclosure, and to recommend the re-drafted Nexus Charter to the Executive Committee.
- *Non-Member States.* The Nexus Committee approved a motion to request that the Commission stop providing multi-state voluntary disclosure services to states that are not dues-paying members of the National Nexus Program as of July 1, 2014. The Commission has been providing these services to encourage taxpayer compliance and convenience. Ohio and California (Franchise Tax Board only) withdrew from the Nexus Program before this decision.
- *Meetings.* The Nexus Committee recommended that it meet thrice annually instead of the current twice.
- *Additional Services.* The Nexus Committee discussed ideas to provide additional services.
- *Roundtable.* The Nexus Committee had a roundtable discussion of confidential information in closed session.

DRAFT Charter of the National Nexus Program  
of the Multistate Tax Commission

*Adapted and updated from the Nexus Program Plan  
as Adopted by the National Nexus Advisory  
Committee and Multistate Tax Commission  
Executive Committee May 10, 1990*

Revised March 7, 2013

I. Purpose and Desired Results

The National Nexus Program (NNP) is a program of the Multistate Tax Commission created by and composed of member states. The purpose of the NNP is to encourage and facilitate -

- a. Compliance with nexus law by those engaged in interstate commerce;
- b. Cooperation among states regarding development and enforcement of nexus law;  
{Redrafted to be more general; removed reference to a uniform nexus standard (states closed this project about fifteen years ago).}
- c. Education of taxpayers and state personnel about nexus; and
- d. Fair and consistent enforcement of nexus law.

II. Description of Program Activities

The Program undertakes activities to further its purpose, including -

{Removes: A. Central Clearinghouse (a former project for information sharing among the states); B. Central Registration (the Streamlined Sales and Use Tax process subsumed this activity).}

- a. A multi-state voluntary disclosure program in which non-filers may, through a confidential and substantially uniform process, and single point of contact, limit back-tax and penalty liability arising from potential misconstrue of nexus law;
- b. Information exchange among Program member-states ; {Retains the information-exchange activity while removing obsolete specifics.}

## Draft for Executive Committee's consideration

- c. Nexus School, a training course for state personnel regarding the basics of nexus law and techniques of discovery and nexus audit; {Separates the specific item of Nexus School from the general educational programs because of Nexus School's importance.}
- d. Other educational programs and presentations regarding nexus law and the availability of multi-state voluntary disclosure;
- e. Litigation support to states on matters of nexus law; and {The Nexus Program does not currently engage in litigation support but should maintain the flexibility to do so.}
- f. Staff support to the Nexus Committee, Executive Committee, and Commission.

### III. Description of Committee Activities

The Nexus Committee meets semiannually {this reflects the change in 2009 from thrice annually to semiannually} at meetings open to the public, except for sessions that are closed pursuant to the Commission's Public Participation Policy. It furthers its purposes by --

- a. Advising Program staff and the Executive Committee regarding nexus law and its administration;
- b. Advising Program staff regarding policies and administration of the multi-state voluntary disclosure program; New.
- c. Encouraging and facilitating industry-wide, multi-state voluntary-disclosure agreements; {The NNP coordinated several of these a number of years ago.}
- d. Coordinating compliance projects among member states and other Commission committees;
- e. Facilitating information exchange among states;
- f. Providing a public forum for comment on nexus law and the National Nexus Program; and
- g. Providing educational programs to state personnel and members of the public.

IV. Reporting and Consulting Relationships

- a. The National Nexus Program makes regular reports to, and receives guidance from, the Nexus Committee, the Executive Committee, and the Commission.
- b. The Nexus Committee makes quarterly reports to the Executive Committee and an annual report to the Commission. The Executive Committee or the Commission may establish work objectives, priorities, and deadlines for the Nexus Committee. The Nexus Committee may recommend projects to the Executive Committee.

*End of Draft Charter*