



*Working together since 1967 to preserve federalism and tax fairness*

To: Members, Multistate Tax Commission  
From: Joe Huddleston  
Date: July 26, 2007  
Subject: 2006-2007 Executive Committee Report

---

The Executive Committee met five times during the period July 1, 2006, to June 30, 2007:

- August 17, 2006, in Topeka, Kansas (immediately before the 2006 Annual Meeting of the Commission)
- September 1, 2006, via teleconference
- November 16, 2006, in St. Louis, Missouri
- January 4, 2007, in San Diego, California
- May 10, 2007, in Washington, D.C.

The teleconference on September 1, 2006, was held specifically to consider re-referral of two draft model statutes back to the full Commission (at the 2006 Annual Meeting, the Commission voted to refer these statutes back to the Executive Committee). The remaining meetings were regular meetings of the committee. Through these meetings the committee has provided oversight and direction to the activities of the Commission.

[Note: The Executive Committee also met before the 2007 Annual Meeting of the Commission via teleconference on July 12, 2007, specifically to consider sovereignty membership for Georgia, Maryland, and West Virginia (each granted); associate membership for Indiana (granted); and to specify August 2nd as the date of the 2007 Annual Meeting.]

The Executive Committee experienced some changes in its membership in the course of the past year. In January, Dan Salomone became deputy commissioner in Minnesota coinciding with the appointment of Ward Einess as Minnesota Commissioner of Revenue. The change in Minnesota created a vacancy in the Commission's office of Treasurer which was filled by appointing Mr. Einess as Acting Treasurer (Mr. Salomone serving as his designated alternate). Later in January, Susan Combs replaced Carol Keeton Strayhorn as Comptroller in Texas which created a vacancy on the committee. Ms. Combs was appointed to fill this vacancy. Both appointments were duly ratified by the Executive Committee.

The Executive Committee took the following actions during 2006-2007:

- Approved the 2006-2007 Commission expenditure budget.
- Authorized the Chair to contact the National Conference of Commissioners on Uniform State Laws (NCCUSL) about developing model uniform amendments to the Multistate Tax Compact, Art. IV, Sec. 17 (AKA UDITPA Sec. 17); and formed a working group composed of Bruce Johnson, Ben Miller, Elizabeth Harchenko, and Dan Bucks to develop a more structured proposal.
- Re-referred the proposed model reportable transactions statute back to the Commission for consideration at a special Commission meeting.
- Amended the proposed model compilation of state filing data statute to allow taxpayers to submit copies of state tax returns in lieu of preparing a spreadsheet and re-referred it back to the Commission for consideration at a special Commission meeting.
- Removed the restriction on the surplus Special Audit Fund balance of \$8,089 and designated these funds for future use by the Commission's Joint Audit Program.
- Adopted changes by the public hearing officer to the proposed "On Behalf of" Amendment to Model Regulation IV.17 and recommended the proposed amendment to the Commission, authorizing a survey of the affected member states pursuant to Bylaw 7.
- Directed a public hearing be held pursuant to Art. VII of the Multistate Tax Compact regarding a proposed model uniform statistical sampling statute and proposed accompanying model regulation.
- Directed issuing RFP #2007-01, *Federal Governmental Affairs Services*, and directed the Commission officers and executive director to screen potential vendors and make a selection. [Note: Following review of all submitted proposals and subsequent interviews, Patuxent Consulting was selected.]
- Elected Ward Einess, Minnesota Commissioner of Revenue, to serve as Acting Treasurer to fill the vacancy created when the previous commissioner accepted an appointment to serve as deputy commissioner (Mr. Einess had been appointed before the meeting by the Commission Chair pursuant to Bylaw 3(c)).
- Adopted the audited financial statements for FY2006.

- Elected Susan Combs, Texas Comptroller of Public Accounts, to fill the Executive Committee vacancy left by the previous comptroller (Ms. Combs had been appointed before the meeting by the Commission Chair pursuant to Bylaw 3(c)).
- Approved the 2007-2008 Commission revenue budget, reflecting no increase in the general membership assessment and National Nexus Program fees, and a 5 percent increase in Joint Audit Program fees.
- At the request of the Audit Committee, tasked the Uniformity Committee to begin a priority project addressing an issue with the Commission's Bank and Financial Regulation related to assignment of receivable in the property factor and report back on the project at the Executive Committee's January 2008 meeting.
- After hearing a presentation by tax practitioners regarding the compliance burden associated with amended return filing following receipt of federal RAR, tasked the Uniformity Committee to establish a working group (including practitioners and industry) to convene during the Annual Meeting in Minneapolis July 29 – August 2, 2007, to build upon the earlier work of the Uniformity Committee in this area and develop solutions that may benefit both taxpayers and states by obviating numerous returns after a federal adjustment.
- Developed proposed amendments to Commission Bylaw 5, *Quorum, Voting, and Minutes*; Bylaw 6, *Executive Committee*; and Bylaw 11, *Parliamentary Authority*; and provided notice to the Commission in accordance with bylaws.

The Executive Committee undertook additional actions during 2006-2007 that are recorded in the minutes of its meetings.

The Executive Committee also held informational sessions in conjunction with its meeting in January 2007 at which it received presentations by representatives of the insurance industry on state tax issues; by the IRS on federal tax data pertaining to multi-tiered, multistate entities; by an accounting firm on the state tax implications of the new FIN 48 requirements; and by representatives of the telecommunications industry on the federal and state status of telecommunications taxes.