

STRATEGIC PLANNING MARKET FAIRNESS ACT PROJECT TEAM

TELECONFERENCE MEETING NOTES

MONDAY, APRIL 28, 2014

1:30 PM – 3:00 PM EASTERN DAYLIGHT TIME

- I. Review of Agenda and Introductions – Attending: Emma Fuentes, TX; Steve Yang, MTC; Tom Shimkin, MTC; Julie Magee, AL; JA Cline, LA; Lila Disque, MTC; Elizabeth Harchenko, facilitator
- II. Public Comment – There was no public comment offered.
- III. Project Work – Using the updated project description, the team reviewed the issues to be addressed and the resources available to gather information needed in order to complete the project. The team has a dedicated page on the MTC web site for posting of materials and meeting notes.

Summary of discussion – it appears that some of the work could be handled within current MTC audit structure.

Audit candidate selection will be a key issue. Data need: will the group of companies to be audited be smaller than the current inventory?

Legal issue – does MTC have authority to conduct this kind of audit for states (including affected local governments) that are not part of the MTC audit program? Currently there are 18 states in audit program; 9 are SSUTA member states, 9 are not. What are other impacts if more states join the audit program?

MTC currently has 8-9 auditors doing sales tax work – how much work, need more staff?

Who will manage tools, audit oversight – existing Audit Committee or a different group?

May need software upgrade to handle smaller taxpayers than the audit program currently works with.

Will there be a need to integrate local jurisdictions' suggestions about audit candidates? Suggestions could come through the states. Are there groups within the states that would facilitate communication on this and other issues? Example: Louisiana has an association that is designed to support interaction between the state and the local parishes.

In sales tax audits done now, MTC audits for local jurisdictions if the state administers the tax.

MFA requires states to pass legislation creating more linkage to states. Data need: description of what the MFA requires.

If substantive audit issues arise under current MTC program, they are addressed with specific states.

Audit committee does provide oversight for audit processes and standards.

Voluntary compliance – there will be a lot of ignorance on the part of remote sellers, there will likely be high demand for voluntary disclosure – will there be a special procedure or handle as under current process?

Data need: What is the likely number of remote sellers that would be in the audit pool?

How to encourage states to participate in audits – if single audit for one remote seller. Should this be an option made available even if not required by MFA?

Resources – automated system that can identify where sales should be assigned, MTC will need access to data bases to be able to verify that taxpayer has assigned receipts correctly. Under MFA, the states must provide software to calculate tax due, and hold remote sellers harmless if they use it.

RESOURCES – are there any other states with state/local info groups?

How many states are we talking about? How many remote sellers are we talking about? Tom will see if he can find out whether estimates have been made by FTA or other groups.

We will probably need to recruit some additional state people for this team to get work done on schedule.

JA and Emma will take a first run at addressing the issues for states/local governments.

III. Next Steps and Scheduling of Future Meetings – 3rd Wednesday of each month
1:30 Eastern Time – next meeting will be May 21, 2014

IV. Research Assignments – Tom will partner with Bruce Christensen to begin addressing the Marketplace Fairness Act issues. Tom will also check with FTA about potential numbers of remote sellers and states that could be affected by passage of the MFA. Steve will confer with his colleagues on the MTC Audit staff to begin addressing the issues that touch on the MTC Audit program.

V. Adjournment – 2:50 EDT