This report updates the Nexus Committee on Nexus Program activity from July 1, 2013 until February 28, 2014. It also includes some historical information for context. The Commission produces reports cumulatively over each fiscal year beginning on July 1 and updating over the fiscal year until the final report of the fiscal year at the annual meeting at the end of the fiscal year in July.

**Multistate Voluntary Disclosure**

Here are the statistics for fy 2014 to date (July 1 – February 28, 2014):

- **Nexus states’ collections:** $3,559,537 ($9,277,480 in all fy 2013)
- **All states’ collections:** $4,127,191 ($10,842,380 in all fy 2013)
- **Nexus states’ executed contracts:** 182 (479 in all fy 2013)
- **All states’ executed contracts:** 207 (571 in all fy 2013)
- **Nexus states’ average contract value:** $19,558 (fy 2013: $19,328)
- **All states’ average contract value:** $19,938 (fy 2013: $18,988)

Please Note: All of the above amounts include only amounts actually received before the Commission closes its File; neither interest, which taxpayers pay directly to states after their Commission Files are closed, nor the future value of new taxpayers are included. Hence, the actual value of each Case is higher than reflected here.

The following provides context over a 10-year period:
The large spike in revenue recovered in fy 2009 and fy 2010 is due to a single taxpayer. Such large taxpayers come forward occasionally; their appearance cannot be predicted, other than that there will be more eventually.
Strategic Planning

The Nexus Committee decided at its January 8, 2014 teleconference to pursue strategic planning. This meeting on March 13th will be dedicated almost exclusively to that project. The Commission began its current round of strategic planning several years ago, focusing on one program at a time. It is now Nexus’ turn. Elizabeth Harchenko, former director of the Oregon Dep’t of Revenue, is our facilitator. It is important that Nexus Committee members read the strategic planning documents in the appendix (and also sent separately) in order to participate fully in the committee’s discussion.

Nexus Questionnaires

Available as a separate file, please find the Commission’s nexus questionnaire, which the committee requested at its December 2013 meeting to have.

Membership

There are currently thirty-eight member-states (including the District of Columbia) of the National Nexus Program. New Hampshire rejoined in September after five years absence. The Commission provides voluntary disclosure services to non-members as well. California Franchise Tax Board (but not the State Board of Equalization), Delaware, Nevada, New Mexico (this state has no voluntary disclosure program), Ohio, Illinois, and New York do not participate. However, service to non-members will be discontinued on July 1, 2014, per the Nexus Committee’s request.
Pennsylvania requested to discontinue its non-member participation as of December 31, 2013. At the state’s request, staff directed disclosants currently in the Commission’s system to contact Pennsylvania directly. The Commission then closed those files.

**Low-Value and Zero-Value Voluntary Disclosures**

The Commission has implemented the Nexus Committee’s recommendation to limit voluntary disclosures to those with at least $500 back liability based on a good-faith estimate. We have not turned any applicants away, but we have trimmed a few lists of states requested to be included in the disclosure. Applicants have been understanding of the policy. The most frequent question is, predictably, “so what am I to do now?” Staff suggests that they simply begin filing and deal with any penalties that may arise by requesting a waiver or paying them. Committee members with a view on the answer to this question with respect to their states should please let NNP Director Thomas Shimkin know (Tshimkin@mtc.gov).

**Meeting Schedule of Nexus Committee**

The next scheduled meeting of the Nexus Committee will be during the annual meetings in Albuquerque, New Mexico, which will take place July 28 to July 31, 2014.

**Nexus School**

Staff taught a Nexus School in Chelsea, Massachusetts (Boston area) on January 14th and 15th, 2014. There is currently no future school scheduled.

**Web links**

Please consider adding a link to the Commission’s voluntary disclosure page if your state does not yet have one. Links from other states’ web pages, as well as referrals after a state audit, are a small but important source of applicants. The link should read along the line of,

“For voluntary disclosures involving more than one state you may contact the Multistate Tax Commission’s National Nexus Program for a streamlined, multi-state disclosure process: www.mtc.gov or Nexus@mtc.gov or (202) 695-3767.”