MULTISTATE TAX COMMISSION

Twenty-First Annual Report

1987-1988

For the fiscal year of
July 1, 1987 - June 30, 1988
CONTENTS

The Multistate Tax Commission: An Introduction and Overview .......... 1
  • The Commission as a Participatory Organization ....................... 2
  • The Joint Audit Program ......................................................... 2
  • Legal Assistance ........................................................................ 4
  • Uniformity .................................................................................. 4
  • Federal Policy Issues .................................................................... 5
  • Research and Education .......................................................... 6

Officers and Executive Committee Members .................................. 7

Committees for 1988/89 .................................................................. 8

Staff Members ................................................................................ 9

Representatives of Party States of the Multistate Tax Compact .......... 10

Tax Administrators
  Associate Member States ............................................................ 13
  Non-Member States ..................................................................... 14

Compact Enactments ...................................................................... 17

Report of Certified Public Accountant ......................................... 19
The Multistate Tax Commission: An Introduction and Overview

The Multistate Tax Commission is an organization of states created for the purpose of bringing some order to the state taxation of multistate businesses. Recognizing both the confusion to taxpayers and the dangers of federal preemption created by the then-current plethora of state laws and practices, the Multistate Tax Compact was developed in 1966 as a means by which to develop alternative approaches. Activated in 1967, the Commission has nineteen members, including the District of Columbia; another ten states have been granted associate membership at their request.

The purposes of the Commission are stated in the Compact: to facilitate proper determination of state and local tax liability of multistate taxpayers, to promote uniformity or compatibility of tax systems, to facilitate taxpayer convenience and compliance, and to avoid duplicative taxation. The Commission acts as a resource to those ends through research and publication, seminars, litigation, and the conducting of a joint audit program, and through representation of member state interests in Washington, D.C.

States join the Commission by enacting the Multistate Tax Compact, which incorporates the Uniform Division of Income for Tax Purposes Act (UDITPA). This act provides ground rules for apportioning income of multistate businesses to all states in which the taxpayer does business. All business income is apportioned according to a formula which takes into account the instate payroll, property, and sales of a corporation as fractions of its total payroll, property, and sales; these fractions are then averaged and the result is the percentage of a taxpayer's total income which is apportioned to that state for tax purposes. Non-business income (such as that from passive investments) is allocated to the state in which the corporate domicile is located. This simple approach (though occasionally complex in application) was designed to ensure that there would be no double taxation and no undertaxation of corporate income were all states to enact the law. To avoid double sales taxation, the Compact also includes a uniform credit provision to prevent a transaction from being taxed twice.
When a state joins the Commission, the director of its tax agency becomes that state's representative on the Commission. The full Commission meets annually, normally in July of each year; between meetings, the Commission's affairs are supervised by an Executive Committee consisting of the officers of the Commission (Chairman, Vice-Chairman, and Treasurer), and four members elected by the full Commission. Past Chairmen serve as ex officio members. The operations of the Commission are carried out by a staff headed by the Executive Director. The administrative and legal staffs are located at the headquarters office in Washington, D.C.; the Commission also maintains audit offices in Chicago, Houston, and New York City, and has a representative in Washington, D.C. Commission operations are funded by administrative dues (apportioned according to tax revenues) and audit fees from the member states.

The Commission as a Participatory Organization

The strength of the Commission rests in the participation of its members in its work. The Commission encourages voluntary cooperation among the states, and participatory decision-making is the means by which that cooperation is encouraged. The lifeblood of the Commission are the quarterly meetings of its Committees — Executive, Audit and Audit Oversight, Uniformity, Litigation, and Automation. The latter two were newly created for 1988/89. States contribute significant resources to the Commission in the form of the time of staff members at meetings and, between meetings, through research, writing and discussion on current topics being addressed by MTC committees.

The Joint Audit Program

The Commission differs from other interstate and tax organizations in that it serves as an operating arm of member states through the joint audit program. Member states pool their resources to select candidates for corporation income, sales and use, franchise and gross receipts tax audits. The MTC audit staff members perform these audits just as though they were part of a state's own audit staff, forwarding their
findings and recommendations to the member states for assessment and collection at
the completion of the audit. A single MTC audit takes the place of separate and
duplicative audits by member states, and provides obvious economies of scale to the
states. At the same time, it relieves the taxpayer of the burden of multiple audits.
An MTC joint audit is also a vehicle for achieving uniformity among states with
similar laws and regulations in the treatment of income or transactions reviewed in a
particular audit.

Aside from its economies of scale and its financial benefits — in a recent four-
year period the states collected over $15 for every $1 invested in the program— the
audit program serves the Commission’s goals in other ways as well. States learn of
any inconsistent reporting to different states by multistate taxpayers. In cases in which
settlements of disputes are negotiated, the states’ position is improved by their join-
ing together; by the same token, corporate taxpayers sometimes find it less burden-
some to negotiate with one representative than with numerous individual state tax
agencies. Finally, states use the program as a tool for adapting existing laws to new
circumstances and industry practices that arise continuously out of our dynamic market
economy. By working together through the MTC, several states can simultaneously
gain experience in addressing these new circumstances and can apply that experience
in their individual state audit programs.

The program is a supplement to, and not a replacement for, the audit activities
of the member states. But it can offer a significant addition for a smaller state, and
can provide useful support to a larger one. States maintain control of the program
through selection of the audit candidates; they make the decision as to whether or not
to participate in a given audit and as to whether and how to act upon the audit results.
The Audit Committee and its oversight subcommittee, consisting of the audit and
compliance directors of member state tax agencies, guide the program and ensure that
it is responsive to member state needs.
Legal Assistance

The changing structure of our national economy has required the states to rethink various approaches to the taxation of multistate businesses. This process includes, among many things, a reevaluation of the legal bases for assertion of jurisdiction over the multistate enterprise and appropriate apportionment mechanisms. The MTC legal staff, comprised of two lawyers, is constantly applying its resources to this reevaluation and assisting the states in their efforts.

The legal staff provides legal assistance to the Commission, including its Uniformity and Legal Committees and the Joint Audit Program. It provides legal information in response to state requests and, whenever feasible, to public inquiries as well; and is generally available to assist its state membership in any way possible.

In addition, the legal staff have been involved directly in cases ranging from the state trial courts to the U.S. Supreme Court. Most often, the legal staff's role is in the preparation of amicus curiae briefs. Legal staff spends much of its remaining time providing seminars and workshops; and participating as speakers and discussants in various tax meetings held nationwide.

Uniformity

In order to relieve businesses of the problems of compliance with fifty-one different tax laws, the Commission is charged in the Compact with the promotion of uniformity or compatibility in tax laws. To achieve that end, the Commission has a Committee on Uniformity which studies problems and recommends possible solutions.

One of the primary approaches that the Commission has taken is the development, after a public hearing process, model uniform regulations for the adoption by its member states and any other state that wishes to do so. To date, the Commission has adopted several uniform interpretations of the apportionment and allocation provisions of the UDITPA provisions of the Compact. The Commission has adopted uniform apportionment methodologies for industries to which UDITPA does not effectively
apply, e.g., railroads, airlines, trucking and contractors. In addition, the Commission has developed a sales and use tax recordkeeping rule to reduce the business community’s efforts in that regard; a widely used uniform sales and use tax exemption certificate; a useful statement describing the Commission members’ application of Public Law 86-272; uniform agreements for the exchange of information among the states; a statement with respect to the definitions to be accorded computer software, and the like.

The Commission’s efforts underscore the ability of the states to work together to achieve certain uniformity in the complex area of state taxation of multistate businesses. Its efforts in this regard result in a lessening of taxpayers’ compliance burdens’ as well as a heightened awareness among state tax administrators of the benefits of working together in approaching solutions to common tax problems of both administrative and substantive nature. In this effort, the states have demonstrated that federal intervention and preemption of an important part of the state tax system is neither wise nor warranted.

**Federal Policy Issues**

The Commission has always strongly opposed restrictive federal legislation in matters of state taxation; such intervention contravenes the very purpose of a federal system of government. Though the Commission is perhaps best known for its defense of the states’ right to use worldwide combination in the income tax area, it is important to note that this was so not only because many of the member states preferred that method, but also because all member states felt that the federal government should not, as a matter of principle, dictate to the states how they should exercise their constitutional right to tax. While several states have moved away from worldwide combination—partly as a result of their participation with the Commission in the President’s Working Group on Unitary Taxation—the Commission remains firmly opposed to any federal restriction on worldwide combination, or on any other constitutional method of taxation which a state chooses to adopt.
To monitor federal developments and provide information on state views to Congress and the Executive Branch, the Commission is represented in Washington, D.C. by the firm of Rosapepe, Powers and Spanos.

The Commission is not merely committed to opposition to federal restriction, however; by its actions in the joint audit program, the work of the Uniformity Committee, the development of model laws and regulations, and the work of its educational programs and publications, the Commission aims to demonstrate that it is possible to address the problems of multistate taxation in a cooperative manner and thereby alleviate some of the problems which gave rise to the requests for federal restriction in the first instance. John Shannon, the Executive Director of the U.S. Advisory Commission on Intergovernmental Relations, has referred to the 1980s as the age of "do-it-yourself federalism". It is a matter of considerable pride to the member states that, in founding the Multistate Tax Commission and in maintaining it for nearly two decades, they have anticipated that spirit and exemplified the creative possibilities inherent in the American federal system.

Research and Education

The Commission serves as an information resource for state tax officials and the larger tax community. Commission staff conduct regular studies of major multistate tax issues, typically as an outgrowth of its' uniformity work. The MTC quarterly journal, Multistate Tax Commission Review, is a leading forum for the discussion of state taxation of multistate and multinational business activity. The Commission issues a variety of special publications, and answers requests for information from a variety of sources. The Commission's Annual Meeting traditionally includes a conference on major business tax issues, and it conducts more specialized conferences and workshops on a frequent basis. The Commission's work in this area will be supported beginning in FY 1988/89 by the newly created position of Director of Policy Research.
Multistate Tax Commission
Officers 1988/89

Chair
M.K. Heidi Heitkamp
(North Dakota)

Vice-Chair
John James
(Minnesota)

Treasurer
Larry Looney
(Idaho)

Executive Committee

Robert Bowman
(Michigan)

Bob Bullock
(Texas)

Harold Thomas
(Dist. of Columbia)

William R. Wilkerson
(Washington)

Ex Officio

Gerald Goldberg
(California)

R.H. Hansen
(Utah)
Committees for 1988/89

Audit Oversight Committee
Jeff Miller, Chairman (Montana) to Jan. 89
Phil Aldape, Chairman (Idaho) from Jan. 89
Paul Usedom (California FTB)
Edward Many (Dist. of Columbia)
Joseph Tomczyk (Michigan)
Kim Ferrell (Utah)

Audit Committee
Jeff Miller, Chairman (Montana) to Jan. 89
Phil Aldape, Chairman (Idaho) from Jan. 89
David McClune (Alaska)
Everett Leath (Arkansas)
Paul Usedom (California)
Ted Middle (Colorado)
Edward Many (Dist. of Columbia)
Kenneth Murayama (Hawaii)
Joe E. Randall (Idaho)
Thomas J. Sheridan (Kansas)
Joseph Tomczyk (Michigan)
Lawrence D. Wilkie (Minnesota)
Gerald Buss (Nebraska)
Rudy Gallegos (New Mexico)
Harold Aldinger (North Dakota)
Cindi Chinnock (Oregon)
Ron Larson (South Dakota)
Harold Lee (Texas)
Kim Ferrell (Utah)
Ken Capek (Washington)

Uniformity Committee
Ken Capek, Chairman (Washington)
David McClune (Alaska)
Everett Leath (Arkansas)
Eric Coffill (California FTB)
Gary Jugum (California BOE)
Robert Nunes (California BOE)
Ted Middle (Colorado)
Edward Many (Dist. of Columbia)
Richard Chiogiogi (Hawaii)
Phil Aldape (Idaho)
Joe Randall (Idaho)
Thomas J. Sheridan (Kansas)
Fred Lynch (Michigan)
Steve Kreukel (Minnesota)
Ned Lenhart (Missouri)
Gerald Foster (Montana)
Gerald Buss (Nebraska)
Manuel F. Gallegos (New Mexico)
Harold Aldinger (North Dakota)
Cindi Chinnock (Oregon)
Ron Larson (South Dakota)
Kim Ferrell (Utah)

Automation Committee
Jack Ellery, Chairman (Montana)
Joe Randall (Idaho)
David Borzenksi (Michigan)
Clyde Nichols (Utah)
Jim Knighton (Utah)
Greg Brant (Washington)

Litigation Committee
Ben Miller, Chairman (California FTB)
David McClune (Alaska)
Timothy Leathers (Arkansas)
Gary Jugum (California BOE)
Kevin Wakayama (Hawaii)
Ted Spangler (Idaho)
Mark Burghart (Kansas)
Richard Roesch (Michigan)
Steve Kreukel (Minnesota)
Jay Welch (Missouri)
Dave Woodgerd (Montana)
Frank Katz (New Mexico)
Elizabeth Stockdale (Oregon)
Tim Weber (South Dakota)
Wate Anderson (Texas)
Leland Dever (Utah)
Staff Members

Headquarters Staff

Dan R. Bucks, Executive Director
Paul D. Underwood, Director of Audit & Administration (Eff. 11-01-88)
Natache Muschette, Senior Administrative Assistant (Eff. 04-05-89)
Paul Mines, Counsel (Eff. 06-12-89)
Michael Mazerov, Director of Policy & Research (Eff. 07-05-89)
Gloria Carrillo, Bookkeeper (Eff. 07-05-89)
Gloria Fields, Staff Assistant

California

Alan H. Friedman, General Counsel

Colorado

Eugene F. Corrigan, Executive Counsel (To 02-01-89)

Audit Staff

Income Tax
Gerald Birk (New York)
Emil Calleja (New York)
John Clancy (Illinois)
Paul Ezzone (New York)
Alan Hild (New York)
Leslie Lennick (Illinois)
Robert Milligan (Illinois/Texas)
Paul Mond (Texas)
Jeff Silver (New York)
Joselito Vitug (Illinois)

Sales Tax
Morris Gladstein (New York)
Michael Hnath (New York)
Morton Kotkin (New York)
Richard Mandel (New York)
Elaine Pressing (New York)
Edward Ruby (Illinois)
Frank Santonocito (Illinois)
John Walter (Illinois) (Eff. 01-16-89)

Support Staff
Edith Bishop (New York)

Consultants
James Rosapepe
Janet Gregor
Representatives of Party States of the Multistate Tax Compact

Alaska
Hugh Malone (Member)
Commissioner of Revenue
Department of Revenue
333 Willoughby Ave., 11th Flr.
State Office Building
Juneau, AK 99811-0400
(907)465-2300

David McClune (Alternate)
Revenue Audit Supervisor
Department of Revenue
2033 6th Avenue
United Airlines Bldg., Ste. 770
Seattle, WA 98121
(206)448-7815

Arkansas
Jim Pledger (Member)
Director
Arkansas Dept. Fin. & Admin.
507 West 7th Street
Little Rock, AR 72203-3278
(501)682-2242

Everett Leath (Alternate)
Administrator of Field Audit Office Administrator
Arkansas Dept. Fin. & Admin.
7th & Wolfe Street
Little Rock, AR 72203-0919
(501)682-4616

California¹
Cindy Rambo (Member)
Executive Director
Board of Equalization
1020 North Street
Sacramento, CA 95814
(916)445-3956

Gerald H. Goldberg² (Member)
Executive Officer
Franchise Tax Board
9645 Butterfield Way
Sacramento, CA 95827
(916)369-4543

Robert Bonnici (Alternate)
AEO, Compliance Division
9645 Butterfield Way
Sacramento, CA 95827
(916)369-4119

Colorado
John J. Tipton (Member)
Executive Director
Colorado Dept. of Revenue
1375 Sherman Street
Denver, CO 80261
(303)866-3091

Ted Middle (Alternate)
Chief Auditor
Colorado Dept. of Revenue
999 18th Street, Ste. 1025
North Tower
Denver, CO 80202
(303)294-5100

District of Columbia
Harold Thomas (Member)
Director of Finance & Revenue
Government of the Dist. of Columbia
Rm. 4136, Municipal Center
300 Indiana Avenue, NW
Washington, DC 20001
(202)727-6020

Edward Many (Alternate)
Associate Director
Government of the Dist. of Columbia
Dept. of Finance & Revenue
Rm. 3016, Municipal Center
300 Indiana Avenue, NW
Washington, DC 20001
(202)727-6019

Hawaii
Richard F. Kahle, Jr. (Member)
Director of Taxation
Department of Taxation
PO Box 259
Honolulu, HI 96809
(808)548-7650

Gary S. Miyio (Alternate)
Deputy Director of Taxation
Department of Taxation
830 Punchbowl Street, Ste. 221
Honolulu, HI 96813
(808)548-7562
Idaho
Larry Looney (Member)
Chairman of the Commission
Dept. of Revenue & Taxation
Idaho State Tax Commission
700 West State Street
Boise, ID 83722
(208)334-7500

Phil Aldape (Alternate)
Bureau Chief
Dept. of Revenue & Taxation
Idaho State Tax Commission
700 West State Street
Boise, ID 83722
(208)334-7615

Kansas
Ed C. Rolfs (Member)
Secretary of Revenue
Kansas Dept. of Revenue
Docking State Office Building
Topeka, KS 66612
(913)296-3041

John Lunjohm (Alternate)
Director of Taxation
Kansas Dept. of Revenue
Docking State Office Building
Topeka, KS 66625
(913)296-7928

Michigan
Robert A. Bowman (Member)
State Treasurer
Department of Treasury
Treasury Building
Lansing, MI 48922
(517)373-3223

Louis Duncan (Alternate)
Acting Revenue Commissioner
Department of Treasury
Bureau of Revenue
Treasury Building
Lansing, MI 48922
(517)373-3196

Minnesota
John James (Member)
Commissioner of Revenue
Department of Revenue
10 River Park Plaza
Mail Station 7100
St. Paul, MN 55146-7100
(612)297-4160

Dwight Lahti (Alternate)
Assistant Commissioner of Compliance Program
Minnesota Dept. of Revenue
Mail Station 6510
St. Paul, MN 55146-6510
(612)297-2656

Missouri
Duane Benton (Member)
Department of Revenue
301 West High Street
Jefferson City, MO 65105
(314)751-4450

Ned Lenhart (Alternate)
Director, Compliance Division
Missouri Dept. of Revenue
301 West High Street
Jefferson City, MO 65105
(314)751-4816

Montana
Ken Nordvedt (Member)
Director
Montana Dept. of Revenue
Mitchell Building
205 Roberts Street, Rm. 455
Helena, MT 59620
(406)444-2460

Gerald Foster (Alternate)
Administrator
Natural Resource & Corporate Tax Division
Montana Dept. of Revenue
Mitchell Building
247 Roberts Street, Rm. 332
Helena, MT 59620
(406)444-2441

New Mexico
Gail Reese (Member)
Secretary
New Mexico Taxation & Revenue
PO Box 630
Santa Fe, NM 87509-0630
(505)827-0710

Steven W. Keene (Alternate)
Director
Audit & Compliance Division
New Mexico Taxation & Revenue
1200 St. Francis Drive
Manuel Lujan Bldg.
Santa Fe, NM 87509
(505)827-0900

North Dakota
M.K. Heidi Heitkamp (Member)
Tax Commissioner
North Dakota State Tax Dept.
State Capitol
600 East Blvd. Ave.
Bismarck, ND 58505
(701)224-2770

Arnold Burian (Alternate)
Deputy Tax Commissioner
North Dakota State Tax Dept.
State Capitol
600 East Blvd. Ave.
Bismarck, ND 58505
(701)224-2770
Oregon
Richard A. Munn (Member)
Director
Department of Revenue
Revenue Building
955 Center Street, NE
Salem OR 97310
(503)378-3363

Cindy Chincock (Alternate)
Administrator, Audit Division
Department of Revenue
Revenue Building
955 Center Street, NE
Salem OR 97310
(503)378-3363

South Dakota
Ronald Schreiner (Member)
Secretary of Revenue
Department of Revenue
R.F. Kneip Building
700 Governors Drive
Pierre, SD 57501-2276
(605)773-5131

Ron Larson (Alternate)
Director of Audits
Department of Revenue
R.F. Kneip Building
700 Governors Drive
Pierre, SD 57501-2276
(605)773-3751

Texas
Bob Bullock (Member)
Comptroller of Public Accounts
LBJ State Office Building
111 E. 17th Street, Rm. 104
Austin, TX 78711
(512)463-4000

Wade Anderson (Alternate)
Executive Counsel to the
Comptroller
Legal Services
Office of Comptroller
111 E. 17th Street
Austin, TX 78711
(512)463-4004

Utah
R.H. Hansen (Member)
Chairman
Utah State Tax Commission
Heber M. Wells Building
160 E. 300 South
Salt Lake City, UT 84134
(801)530-6088

Roger O. Tew (Alternate)
Utah State Tax Commission
Heber M. Wells Building
160 E. 300 South
Salt Lake City, UT 84134
(801)530-6088

Washington
William R. Wilkerson (Member)
Director
Washington Dept. of Revenue
415 General Admin. Bldg.
MS AX 02
Olympia, WA 98504
(206)753-5574

Ken Capek (Alternate)
Assistant Director
Washington Dept. of Revenue
415 General Admin. Bldg.
MS AX 02
Olympia, WA 98504
(206)753-3220

---

1 The Executive Secretary of the Board of Equalization represents California in MTC fiscal years beginning in odd-numbered calendar years; the Executive Officer of the Franchise Tax Board represents California in MTC fiscal years beginning in even-numbered calendar years.

2 MTC Chairman 1979-1980
3 MTC Chairman 1984-1985
4 MTC Chairman 1985-1986
5 MTC Chairman 1986-1987
Tax Administrators
Associate Member States *

Alabama
James M. Sizemore, Jr.
Commissioner
Department of Revenue
64 North Union Street
Montgomery, AL 36130
(205)261-3362

Maryland
Louis L. Goldstein
Comptroller of the Treasury
Goldstein Treasury Building
PO Box 466
Annapolis, MD 21404
(301)974-3801

Pennsylvania
Barton A. Fields
Secretary of Revenue
Department of Revenue
Strawberry Sq.- 11th Floor
Harrisburg, PA 17127
(717)783-3680

Virginia
Paul Waddell
Director
Department of Revenue
Capitol Building, West Wing
1600 W. Monroe
Phoenix, AZ 85007
(602)255-3572

Massachusetts
Stephen W. Kidder
Commissioner
Department of Revenue
State Office Building
100 Cambridge Street
Boston, MA 02204
(617)727-4201

Tennessee
Charles E. Cardwell
Commissioner
Department of Revenue
Andrew Jackson State Office
Bldg., Rm. 927
Nashville, TN 37242
(615)741-2461

Georgia
Marcus E. Collins, Sr.
Commissioner
Department of Revenue
410 Trinity-Washington Bldg.
270 Washington Street
Atlanta, GA 30334
(404)656-4016

New Jersey
John R. Baldwin
Director
Division of Taxation
Department of Treasury
50 Barrack Street, CN240
Trenton, NJ 08646
(609)292-5185

Ohio
Joanne Limbach
Tax Commissioner
Department of Taxation
PO Box 530
Columbus, OH 43216
(614)466-2166

Louisiana
Arnold A. Broussard
Secretary
Dept. of Revenue & Taxation
PO Box 201
Baton Rouge, LA 70821
(504)925-7680

*The Commission has made provisions for association membership in bylaw 13 as follows:
13. Association Membership

(a) Associate membership in the Compact may be granted, by a majority vote of the Commission members, to those States which have not effectively enacted the Compact but which have through legislative enactment made effective adoption of the Compact dependent upon a subsequent condition or have, through their Governor or through a statutorily established State agency, requested associate membership.

(b) Representatives of such associate members shall not be entitled to vote or to hold a Commission office but shall otherwise have all the rights of Commission members.

Associate membership is extended especially for states which wish to assist or participate in the discussions and activities of the Commission, even though they have not enacted the Compact. This serves two purposes: (1) it permits and encourages states that feel that they lack knowledge about the Commission to become familiar with it through meeting with the members, and (2) it gives the Commission an opportunity to seek the active participation and additional influence of states which are willing to assist in a joint effort in the field of taxation while they consider or work for enactment of the compact to become full members.
### Tax Administrators

#### Non-Member States

<table>
<thead>
<tr>
<th>State</th>
<th>Name</th>
<th>Title</th>
<th>Department/Office</th>
<th>Address</th>
<th>Phone</th>
</tr>
</thead>
<tbody>
<tr>
<td>Connecticut</td>
<td>Timothy F. Bannon</td>
<td>Commissioner</td>
<td>Dept. of Revenue Services</td>
<td>92 Farmington Avenue</td>
<td>(203)566-7120</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Hartford, CT 06105</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Delaware</td>
<td>Robert W. Chastant</td>
<td>Director</td>
<td>Department of Finance</td>
<td>Carvel State Office Bldg.</td>
<td>(302)571-3315</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>820 N. French Street</td>
<td>Wilmington, DE 19801</td>
<td></td>
</tr>
<tr>
<td>Florida</td>
<td>Katie Tucker</td>
<td>Executive Director</td>
<td>Florida Dept. of Revenue</td>
<td>102 Carlton Building</td>
<td>(904)488-5050</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Tallahassee, FL 32399-0100</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Illinois</td>
<td>Roger D. Sweet</td>
<td>Director</td>
<td>Illinois Dept. of Revenue</td>
<td>PO Box 3681</td>
<td>(217)785-2602</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Springfield, IL 62708</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Indiana</td>
<td>M.F. Renner</td>
<td>Commissioner of Revenue</td>
<td>Indiana Dept. of Revenue</td>
<td>202 State Office Building</td>
<td>(317)232-2101</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Indianapolis, IN 46204</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Iowa</td>
<td>Gerald D. Bair</td>
<td>Director</td>
<td>Iowa Dept. of Revenue &amp; Finance</td>
<td>Des Moines State Office Bldg.</td>
<td>(515)281-3204</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>50319</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Kentucky</td>
<td>C. Emmett Calvert</td>
<td>Secretary</td>
<td>Revenue Cabinet</td>
<td>Capital Annex</td>
<td>(502)564-3226</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Frankfort, KY 40620</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Maine</td>
<td>John D. LaFaver</td>
<td>State Tax Assessor</td>
<td>Bureau of Taxation</td>
<td>State Office Building</td>
<td>(207)289-2076</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Augusta, ME 04333</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mississippi</td>
<td>C.A. Marx</td>
<td>Chairman</td>
<td>Tax Commission</td>
<td>Woolfolk State Office Bldg.</td>
<td>(601)359-1098</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>P.O. Box 1033</td>
<td>Jackson, MS 39215</td>
<td></td>
</tr>
<tr>
<td>Nebraska</td>
<td>John M. Boehm</td>
<td>Tax Commissioner</td>
<td>Nebraska Dept. of Revenue</td>
<td>PO Box 94818</td>
<td>(402)471-2971</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Lincoln, NE 68509-4818</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Nevada</td>
<td>John P. Comeaux</td>
<td>Executive Director</td>
<td>Department of Taxation</td>
<td>Capitol Mall Complex</td>
<td>(702)885-4892</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Carson City, NV 89710</td>
<td></td>
<td></td>
</tr>
<tr>
<td>New Hampshire</td>
<td>Stanley R. Arnold</td>
<td>Commissioner</td>
<td>Dept. of Revenue Admin.</td>
<td>61 South Spring St.</td>
<td>(603)271-2191</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>PO Box 457</td>
<td>Concord, NH 03301</td>
<td></td>
</tr>
<tr>
<td>New York</td>
<td>James W. Wetzel</td>
<td>Commissioner</td>
<td>Dept. of Taxation &amp; Finance</td>
<td>Albank, NY 12227</td>
<td>(518)457-2244</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>North Carolina</td>
<td>Helen Powers</td>
<td>Secretary of Revenue</td>
<td>Department of Revenue</td>
<td>PO Box 25000</td>
<td>(919)733-7211</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Raleigh, NC 27640</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Oklahoma</td>
<td>Robert E. Anderson</td>
<td>Chairman</td>
<td>State Tax Commission</td>
<td>The M.C. Connors Building</td>
<td>(405)521-4321</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>2501 North Lincoln</td>
<td>Oklahoma City, OK 73194</td>
<td></td>
</tr>
</tbody>
</table>
Rhode Island
R. Gary Clark
Assoc. Director of Admin./Tax Administrator
Division of Taxation
289 Promenade Street
Providence, RI 02908
(401)277-3050

South Carolina
S. Hunter Howard, Jr.
Chairman
Tax Commission
Box 125
Columbia, SC 29214
(803)737-9820

Vermont
Norris Hoyt
Commissioner of Taxes
Department of Taxes
Pavilion Office Building
Montpelier, VT 05602
(802)828-2505

Virginia
William H. Forst
Tax Commissioner
Commonwealth of Virginia
Department of Taxation
PO Box 6-L
Richmond, VA 23282
(804)257-8005

West Virginia
Charles O. Lorensen
State Tax Commissioner
State Tax Department
300-W Capitol Building
Charleston, WV 25301
(304)348-2501

Wisconsin
Mark D. Bugher
Secretary of Revenue
125 S. Webster Street
PO Box 8933
Madison, WI 53708
(608)266-1611

Wyoming
Shirley Wittler
Wyoming State Board of Equalization & State Tax Commission
122 West 25th Street
Cheyenne, WY 82002-0110
(307)777-5284
Membership as of July 1, 1989.
## Compact Enactments

<table>
<thead>
<tr>
<th>Member States</th>
<th>Effective Date</th>
<th>Withdrawal Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alaska</td>
<td>July 1, 1970</td>
<td></td>
</tr>
<tr>
<td>Arkansas</td>
<td>January 1, 1968</td>
<td></td>
</tr>
<tr>
<td>California</td>
<td>January 1, 1976</td>
<td></td>
</tr>
<tr>
<td>Colorado</td>
<td>July 1, 1968</td>
<td></td>
</tr>
<tr>
<td>District of Columbia</td>
<td>July 1, 1980</td>
<td></td>
</tr>
<tr>
<td>Florida</td>
<td>August 4, 1967</td>
<td>June 30, 1976</td>
</tr>
<tr>
<td>Hawaii</td>
<td>May 7, 1968</td>
<td></td>
</tr>
<tr>
<td>Idaho</td>
<td>April 10, 1968</td>
<td></td>
</tr>
<tr>
<td>Illinois</td>
<td>August 4, 1967</td>
<td>August 29, 1975</td>
</tr>
<tr>
<td>Indiana</td>
<td>July 1, 1971</td>
<td>June 30, 1977</td>
</tr>
<tr>
<td>Kansas</td>
<td>August 4, 1967</td>
<td></td>
</tr>
<tr>
<td>Michigan</td>
<td>July 1, 1970</td>
<td></td>
</tr>
<tr>
<td>Minnesota</td>
<td>July 1, 1982</td>
<td></td>
</tr>
<tr>
<td>Missouri</td>
<td>October 13, 1967</td>
<td></td>
</tr>
<tr>
<td>Montana</td>
<td>July 1, 1969</td>
<td></td>
</tr>
<tr>
<td>Nebraska</td>
<td>October 23, 1967</td>
<td>June 30, 1985</td>
</tr>
<tr>
<td>New Mexico</td>
<td>August 4, 1967</td>
<td></td>
</tr>
<tr>
<td>North Dakota</td>
<td>July 1, 1969</td>
<td></td>
</tr>
<tr>
<td>Oregon</td>
<td>September 13, 1967</td>
<td></td>
</tr>
<tr>
<td>South Dakota</td>
<td>July 1, 1967</td>
<td></td>
</tr>
<tr>
<td>Texas</td>
<td>August 4, 1967</td>
<td></td>
</tr>
<tr>
<td>Utah</td>
<td>May 13, 1969</td>
<td></td>
</tr>
<tr>
<td>Washington</td>
<td>August 4, 1967</td>
<td></td>
</tr>
<tr>
<td>West Virginia</td>
<td>July 1, 1980</td>
<td>June 30, 1985</td>
</tr>
<tr>
<td>Wyoming</td>
<td>January 24, 1969</td>
<td>May 27, 1977</td>
</tr>
</tbody>
</table>
## Compact Enactments

<table>
<thead>
<tr>
<th>Associate Member States</th>
<th>Effective Date</th>
<th>Withdrawal Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alabama*</td>
<td>October 17, 1967</td>
<td>To Full Member</td>
</tr>
<tr>
<td>Alaska</td>
<td>June 7, 1968</td>
<td>To Full Member</td>
</tr>
<tr>
<td>Arizona</td>
<td>June 7, 1968</td>
<td>To Full Member</td>
</tr>
<tr>
<td>Arkansas</td>
<td>October 17, 1967</td>
<td>To Full Member</td>
</tr>
<tr>
<td>California</td>
<td>January 23, 1968</td>
<td>To Full Member</td>
</tr>
<tr>
<td>Colorado</td>
<td>January 23, 1968</td>
<td>To Full Member</td>
</tr>
<tr>
<td>Georgia</td>
<td>June 11, 1971</td>
<td>To Full Member</td>
</tr>
<tr>
<td>Hawaii</td>
<td>January 23, 1968</td>
<td>To Full Member</td>
</tr>
<tr>
<td>Idaho</td>
<td>October 17, 1967</td>
<td>To Full Member</td>
</tr>
<tr>
<td>Indiana</td>
<td>January 23, 1968</td>
<td>To Full Member</td>
</tr>
<tr>
<td>Louisiana</td>
<td>October 27, 1969</td>
<td>To Full Member</td>
</tr>
<tr>
<td>Maryland</td>
<td>July 27, 1970</td>
<td>To Full Member</td>
</tr>
<tr>
<td>Massachusetts</td>
<td>January 23, 1968</td>
<td>To Full Member</td>
</tr>
<tr>
<td>Michigan</td>
<td>November 19, 1968</td>
<td>To Full Member</td>
</tr>
<tr>
<td>Minnesota</td>
<td>January 26, 1971</td>
<td>To Full Member</td>
</tr>
<tr>
<td>Montana</td>
<td>January 23, 1968</td>
<td>To Full Member</td>
</tr>
<tr>
<td>New Jersey</td>
<td>October 14, 1970</td>
<td>To Full Member</td>
</tr>
<tr>
<td>New York</td>
<td>October 27, 1969</td>
<td>March 9, 1971</td>
</tr>
<tr>
<td>North Dakota</td>
<td>January 23, 1968</td>
<td>To Full Member</td>
</tr>
<tr>
<td>Ohio</td>
<td>June 11, 1971</td>
<td>To Full Member</td>
</tr>
<tr>
<td>Oklahoma</td>
<td>June 25, 1964</td>
<td>March 1, 1977</td>
</tr>
<tr>
<td>Pennsylvania</td>
<td>January 23, 1968</td>
<td>To Full Member</td>
</tr>
<tr>
<td>South Dakota</td>
<td>October 27, 1969</td>
<td>To Full Member</td>
</tr>
<tr>
<td>Tennessee</td>
<td>June 20, 1969</td>
<td>To Full Member</td>
</tr>
<tr>
<td>Utah</td>
<td>January 23, 1968</td>
<td>To Full Member</td>
</tr>
<tr>
<td>Virginia</td>
<td>October 27, 1969</td>
<td>FY 75/76</td>
</tr>
<tr>
<td>West Virginia</td>
<td>June 7, 1968</td>
<td>To Full Member</td>
</tr>
<tr>
<td>Wyoming</td>
<td>October 17, 1967</td>
<td>To Full Member</td>
</tr>
</tbody>
</table>

*Compact enacted in Alabama but not effective unless and until the U.S. Congress enacts legislation specifically giving its consent for the State to enter into this Compact.
Multistate Tax Commission
Report of Certified Public Accountant
Balance Sheet

Executive Committee
Multistate Tax Commission
Boulder, Colorado

We have audited the accompanying balance sheets of Multistate Tax Commission as of June 30, 1988 and 1987, and the related statements of revenues and expenses, and changes in fund balance and changes in financial position for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion the financial statements referred to above present fairly, in all material respects, the financial position of Multistate Tax Commission as of June 30, 1988 and 1987, and the results of its operations and changes in fund balance, and changes in financial position for the years then ended in conformity with generally accepted accounting principles.

Rhode, Christen & Associates

December 7, 1988
MULTISTATE TAX COMMISSION

BALANCE SHEETS
June 30, 1988 and 1987

ASSETS

<table>
<thead>
<tr>
<th></th>
<th>1988</th>
<th>1987</th>
</tr>
</thead>
<tbody>
<tr>
<td>CURRENT ASSETS</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash (including certificates of deposit of $600,000 and $450,000 in 1988 and 1987, respectively)</td>
<td>$ 932,746</td>
<td>$ 837,141</td>
</tr>
<tr>
<td>Accounts receivable--members</td>
<td>33,754</td>
<td>155,293</td>
</tr>
<tr>
<td>Accounts receivable--other</td>
<td>1,574</td>
<td>---</td>
</tr>
<tr>
<td>Accrued interest receivable</td>
<td>14,601</td>
<td>9,444</td>
</tr>
<tr>
<td>Investments</td>
<td>268,189</td>
<td>253,689</td>
</tr>
<tr>
<td>Prepaid insurance</td>
<td>147</td>
<td>6,723</td>
</tr>
<tr>
<td></td>
<td><strong>1,251,011</strong></td>
<td><strong>1,262,290</strong></td>
</tr>
</tbody>
</table>

PROPERTY AND EQUIPMENT--Note 3

<table>
<thead>
<tr>
<th></th>
<th>1988</th>
<th>1987</th>
</tr>
</thead>
<tbody>
<tr>
<td>Office furniture and equipment</td>
<td>275,982</td>
<td>254,113</td>
</tr>
<tr>
<td>Leasehold improvements</td>
<td>2,235</td>
<td>2,235</td>
</tr>
<tr>
<td></td>
<td><strong>278,217</strong></td>
<td><strong>256,348</strong></td>
</tr>
<tr>
<td>Less: Accumulated depreciation and amortization</td>
<td>211,104</td>
<td>177,152</td>
</tr>
<tr>
<td></td>
<td><strong>67,113</strong></td>
<td><strong>79,196</strong></td>
</tr>
</tbody>
</table>

OTHER ASSETS

<table>
<thead>
<tr>
<th></th>
<th>1988</th>
<th>1987</th>
</tr>
</thead>
<tbody>
<tr>
<td>Expense account advances</td>
<td>4,050</td>
<td>3,250</td>
</tr>
<tr>
<td>Deposits</td>
<td>3,309</td>
<td>3,081</td>
</tr>
<tr>
<td></td>
<td><strong>7,359</strong></td>
<td><strong>6,331</strong></td>
</tr>
</tbody>
</table>

TOTAL OTHER ASSETS

<table>
<thead>
<tr>
<th></th>
<th>1988</th>
<th>1987</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td><strong>1,255,483</strong></td>
<td><strong>1,347,917</strong></td>
</tr>
</tbody>
</table>

TOTAL ASSETS
LIABILITIES AND FUND BALANCE

<table>
<thead>
<tr>
<th></th>
<th>1988</th>
<th>1987</th>
</tr>
</thead>
<tbody>
<tr>
<td>CURRENT LIABILITIES</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts payable</td>
<td>$48,090</td>
<td>$34,478</td>
</tr>
<tr>
<td>Payroll taxes payable</td>
<td>2,602</td>
<td>2,259</td>
</tr>
<tr>
<td>Accrued vacation pay</td>
<td>83,252</td>
<td>83,043</td>
</tr>
<tr>
<td>Accrued pension plan contributions--Note 2</td>
<td>9,768</td>
<td>9,691</td>
</tr>
<tr>
<td>Deferred assessments and audit reimbursements</td>
<td>141,928</td>
<td>280,120</td>
</tr>
<tr>
<td>Escrow funds</td>
<td>50,358</td>
<td>11,494</td>
</tr>
<tr>
<td>Current portion of long-term debt</td>
<td>2,273</td>
<td>11,494</td>
</tr>
<tr>
<td>TOTAL CURRENT LIABILITIES</td>
<td>338,271</td>
<td>421,085</td>
</tr>
</tbody>
</table>

LONG-TERM DEBT

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Note payable--Note 3</td>
<td>3,598</td>
<td>38,556</td>
</tr>
<tr>
<td>Less: Current portion</td>
<td>2,273</td>
<td>11,494</td>
</tr>
<tr>
<td>TOTAL LONG-TERM DEBT</td>
<td>1,325</td>
<td>27,062</td>
</tr>
<tr>
<td>TOTAL LIABILITIES</td>
<td>339,596</td>
<td>448,147</td>
</tr>
</tbody>
</table>

COMMITMENTS AND CONTINGENCIES--Note 4

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>FUND BALANCE</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unappropriated</td>
<td>668,550</td>
<td>482,532</td>
</tr>
<tr>
<td>Appropriated--Note 5</td>
<td>237,402</td>
<td>277,444</td>
</tr>
<tr>
<td>Restricted--Note 6</td>
<td>79,935</td>
<td>139,694</td>
</tr>
<tr>
<td>TOTAL FUND BALANCE</td>
<td>985,887</td>
<td>899,670</td>
</tr>
<tr>
<td>TOTAL LIABILITIES AND FUND BALANCE</td>
<td>$1,325,483</td>
<td>$1,347,817</td>
</tr>
</tbody>
</table>
MULTISTATE TAX COMMISSION

STATEMENTS OF REVENUES AND EXPENSES AND
CHANGES IN FUND BALANCE
For the years ended June 30, 1988 and 1987

<table>
<thead>
<tr>
<th>UNAPPROPRIATED FUNDS</th>
</tr>
</thead>
<tbody>
<tr>
<td>1988</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>REVENUES</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Assessments</td>
<td>$1,649,527</td>
<td>$1,656,415</td>
</tr>
<tr>
<td>Interest</td>
<td>91,329</td>
<td>54,510</td>
</tr>
<tr>
<td>Other revenue:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Legal administrative</td>
<td>54,469</td>
<td>25,551</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>59,000</td>
<td>75</td>
</tr>
<tr>
<td>TOTAL REVENUES</td>
<td>$1,854,325</td>
<td>$1,736,551</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>EXPENSES</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounting</td>
<td>24,331</td>
<td>8,000</td>
</tr>
<tr>
<td>Bonds and insurance</td>
<td>6,551</td>
<td>6,488</td>
</tr>
<tr>
<td>Conferences</td>
<td>4,332</td>
<td>7,432</td>
</tr>
<tr>
<td>Consulting fees</td>
<td>107,890</td>
<td>110,868</td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>33,952</td>
<td>41,031</td>
</tr>
<tr>
<td>Employee benefits</td>
<td>84,294</td>
<td>95,076</td>
</tr>
<tr>
<td>Interest expense</td>
<td>2,985</td>
<td>3,506</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>9,647</td>
<td>6,363</td>
</tr>
<tr>
<td>Office supplies</td>
<td>16,827</td>
<td>11,489</td>
</tr>
<tr>
<td>Pension plan and retirement provision</td>
<td>115,211</td>
<td>176,856</td>
</tr>
<tr>
<td>Postage</td>
<td>11,426</td>
<td>10,059</td>
</tr>
<tr>
<td>Printing and duplicating</td>
<td>11,170</td>
<td>6,673</td>
</tr>
<tr>
<td>Publications</td>
<td>12,547</td>
<td>16,931</td>
</tr>
<tr>
<td>Rent</td>
<td>123,453</td>
<td>109,336</td>
</tr>
<tr>
<td>Repairs and maintenance</td>
<td>12,543</td>
<td>15,682</td>
</tr>
<tr>
<td>Salaries</td>
<td>986,217</td>
<td>1,078,154</td>
</tr>
<tr>
<td>Telephone</td>
<td>26,713</td>
<td>24,297</td>
</tr>
<tr>
<td>Travel</td>
<td>78,218</td>
<td>75,507</td>
</tr>
<tr>
<td>TOTAL EXPENSES</td>
<td>$1,668,307</td>
<td>$1,803,748</td>
</tr>
</tbody>
</table>

EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES | $186,018 | ($67,197) |

FUND BALANCE--Beginning of Year | $482,532 | $804,769 |

Transfer to Appropriated Funds--Note 5 | --- | ($255,040) |

FUND BALANCE--End of Year | $668,550 | $482,532 |
# MULTISTATE TAX COMMISSION

## STATEMENTS OF REVENUES AND EXPENSES AND CHANGES IN FUND BALANCE

For the years ended June 30, 1988 and 1987

### APPROPRIATED FUNDS--Note 5

<table>
<thead>
<tr>
<th></th>
<th>Publications and Seminars</th>
<th>Review Subscriptions</th>
<th>Terminated Pension Plan To Be Used For Move To D. C.</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>FUND BALANCE--June 30, 1986</td>
<td>$17,617</td>
<td>$3,055</td>
<td>$---</td>
<td>$20,672</td>
</tr>
<tr>
<td>REVENUES</td>
<td>31,571</td>
<td>10,237</td>
<td></td>
<td>41,808</td>
</tr>
<tr>
<td>EXPENSES</td>
<td>(33,621)</td>
<td>(6,455)</td>
<td></td>
<td>(40,076)</td>
</tr>
<tr>
<td>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES</td>
<td>(2,050)</td>
<td>3,782</td>
<td></td>
<td>1,732</td>
</tr>
</tbody>
</table>

### TRANSFER FROM UNAPPROPRIATED FUND--Note 6

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>FUND BALANCE--June 30, 1987</td>
<td></td>
<td></td>
<td>255,040</td>
</tr>
<tr>
<td>REVENUES</td>
<td>32,678</td>
<td></td>
<td>277,444</td>
</tr>
<tr>
<td>EXPENSES</td>
<td>(36,776)</td>
<td>(4,772)</td>
<td>(40,698)</td>
</tr>
<tr>
<td>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES</td>
<td>(4,098)</td>
<td>4,754</td>
<td>(40,698)</td>
</tr>
</tbody>
</table>

### FUND BALANCE--June 30, 1988

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>$11,469</td>
<td>$11,591</td>
<td>$214,342</td>
<td>$237,402</td>
</tr>
</tbody>
</table>
MULTISTATE TAX COMMISSION

STATEMENTS OF REVENUES AND EXPENSES AND
CHANGES IN FUND BALANCE
For the years ended June 30, 1988 and 1987

<table>
<thead>
<tr>
<th></th>
<th>NATIONAL BELLS HESS</th>
<th>RESTRICTED FUNDS--Note 6</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1988</td>
<td>1987</td>
</tr>
<tr>
<td>REVENUES:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contributions</td>
<td>$13,625</td>
<td>$82,747</td>
</tr>
<tr>
<td>EXPENSES:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Conferences</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employee benefits</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Miscellaneous</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Office supplies</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pension plan and retirement benefits</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Postage</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Printing and duplicating</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Public education</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rent</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Salaries</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Telephone</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Travel</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>1,251</td>
<td>500</td>
</tr>
<tr>
<td></td>
<td>640</td>
<td>1328</td>
</tr>
<tr>
<td></td>
<td>814</td>
<td>916</td>
</tr>
<tr>
<td></td>
<td>870</td>
<td>205</td>
</tr>
<tr>
<td></td>
<td>1,259</td>
<td>1,258</td>
</tr>
<tr>
<td></td>
<td>595</td>
<td>595</td>
</tr>
<tr>
<td></td>
<td>1,224</td>
<td>1,224</td>
</tr>
<tr>
<td></td>
<td>1,300</td>
<td>1,300</td>
</tr>
<tr>
<td></td>
<td>2,204</td>
<td>2,204</td>
</tr>
<tr>
<td>TOTAL EXPENSES</td>
<td>65,323</td>
<td>40,097</td>
</tr>
<tr>
<td>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES</td>
<td>(51,698)</td>
<td>42,650</td>
</tr>
<tr>
<td>FUND BALANCE--Beginning of Year</td>
<td>139,694</td>
<td>97,044</td>
</tr>
<tr>
<td>FUND BALANCE--End of Year</td>
<td>$87,996</td>
<td>$139,694</td>
</tr>
</tbody>
</table>

4R

<table>
<thead>
<tr>
<th></th>
<th>RESTRICTED FUNDS--Note 6</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1988</td>
</tr>
<tr>
<td>REVENUES:</td>
<td></td>
</tr>
<tr>
<td>Contributions</td>
<td>$52,093</td>
</tr>
<tr>
<td>EXPENSES:</td>
<td></td>
</tr>
<tr>
<td>Legal consulting</td>
<td>56,285</td>
</tr>
<tr>
<td>Meetings</td>
<td>272</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>510</td>
</tr>
<tr>
<td>Postage</td>
<td>520</td>
</tr>
<tr>
<td>Printing</td>
<td>278</td>
</tr>
<tr>
<td>Telephone</td>
<td>372</td>
</tr>
<tr>
<td>Travel</td>
<td>1,917</td>
</tr>
<tr>
<td>TOTAL EXPENSES</td>
<td>60,154</td>
</tr>
<tr>
<td>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES</td>
<td>(8,061)</td>
</tr>
<tr>
<td>FUND BALANCE--End of Year</td>
<td>$ (8,061)</td>
</tr>
</tbody>
</table>
## Exhibit E

**MULTISTATE TAX COMMISSION**

**STATEMENT OF CHANGES IN FINANCIAL POSITION**

For the years ended June 30, 1988 and 1987

<table>
<thead>
<tr>
<th></th>
<th>1988</th>
<th>1987</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>WORKING CAPITAL PROVIDED BY:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operations:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Excess (deficiency) of revenue over expenses before extraordinary item</td>
<td>$86,217</td>
<td>$(22,815)</td>
</tr>
<tr>
<td>Add: Charges not requiring the use of working capital:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>33,952</td>
<td>41,031</td>
</tr>
<tr>
<td>Working Capital provided by operations ..........</td>
<td>120,169</td>
<td>18,216</td>
</tr>
<tr>
<td>Decrease in expense account advances</td>
<td>---</td>
<td>1,250</td>
</tr>
<tr>
<td>Loan proceeds</td>
<td>4,545</td>
<td>---</td>
</tr>
<tr>
<td><strong>TOTAL PROVIDED</strong></td>
<td>124,714</td>
<td>19,466</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>1988</th>
<th>1987</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>WORKING CAPITAL APPLIED TO:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Purchase of property and equipment</td>
<td>21,869</td>
<td>19,995</td>
</tr>
<tr>
<td>Increase in expense account advances</td>
<td>800</td>
<td>---</td>
</tr>
<tr>
<td>Increase in deposits</td>
<td>228</td>
<td>385</td>
</tr>
<tr>
<td>Payment and reclassification of long-term debt</td>
<td>30,292</td>
<td>11,494</td>
</tr>
<tr>
<td><strong>TOTAL APPLIED</strong></td>
<td>53,179</td>
<td>31,874</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>1988</th>
<th>1987</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>INCREASE (DECREASE) IN WORKING CAPITAL</strong></td>
<td>$71,535</td>
<td>$(12,408)</td>
</tr>
</tbody>
</table>

### CHANGES IN WORKING CAPITAL COMPONENTS

<table>
<thead>
<tr>
<th>Increase (decrease) in current assets:</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash</td>
<td>$95,605</td>
<td>$207,219</td>
</tr>
<tr>
<td>Accounts receivable--members</td>
<td>(121,539)</td>
<td>122,893</td>
</tr>
<tr>
<td>Accounts receivable--other</td>
<td>1,574</td>
<td>(8)</td>
</tr>
<tr>
<td>Accrued interest receivable</td>
<td>5,157</td>
<td>1,044</td>
</tr>
<tr>
<td>Receivable from termination of pension plan</td>
<td>---</td>
<td>(299,523)</td>
</tr>
<tr>
<td>Investments</td>
<td>14,500</td>
<td>253,689</td>
</tr>
<tr>
<td>Prepaid insurance</td>
<td>(6,576)</td>
<td>6,723</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>(11,279)</td>
<td>293,037</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Decrease (increase) in current liabilities:</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts payable</td>
<td>(13,612)</td>
<td>(23,803)</td>
</tr>
<tr>
<td>Payroll taxes payable</td>
<td>(343)</td>
<td>12,216</td>
</tr>
<tr>
<td>Accrued vacation pay</td>
<td>(209)</td>
<td>(2,177)</td>
</tr>
<tr>
<td>Accrued pension plan contributions</td>
<td>(77)</td>
<td>(9,691)</td>
</tr>
<tr>
<td>Deferred assessments and audit reimbursements</td>
<td>138,192</td>
<td>(280,120)</td>
</tr>
<tr>
<td>Escrow National Bellas Hess</td>
<td>(50,358)</td>
<td>---</td>
</tr>
<tr>
<td>Current portion of long-term debt</td>
<td>9,221</td>
<td>(870)</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>82,814</td>
<td>(304,445)</td>
</tr>
</tbody>
</table>

| **INCREASE (DECREASE) IN WORKING CAPITAL** | $71,535  | $(12,408) |
MULTISTATE TAX COMMISSION

NOTES TO FINANCIAL STATEMENTS
June 30, 1988 and 1987

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Multistate Tax Commission was organized in 1967. It was established under the Multistate Tax Compact, which by its terms, became effective August 4, 1967. The basic objective of the "Compact" and, accordingly, the Commission is to provide solutions and additional facilities for dealing with state taxing problems related to multi-state business.

Property and Equipment

All property and equipment is stated at cost and depreciated using straight-line and accelerated methods over the estimated useful lives of the assets which range from 3 to 8 years.

Income Taxes

In the opinion of legal counsel, the Commission is exempt from Federal income taxes as well as from other Federal taxes as an organization of a group of States or as an instrumentality of those States. Therefore, no provision has been made in the financial statements for Federal income taxes.

Deferred Audit and Administration Assessment

Audit and administration assessments are due from the respective states on July 1 of each year and cover the following twelve month period. Assessments received prior to July 1 for the following year are unearned and considered deferred income until recognized as income in the following year.

Investments

Investments are carried at cost, which approximates market at June 30, 1988 and 1987.

NOTE 2 - PENSION PLAN

Effective June 30, 1986, the Commission adopted a defined contribution plan to be funded at a rate of twelve percent of each vested individual’s annual salary. The total pension expense relating to the defined contribution plan for the year ended June 30, 1988 and 1987 was $115,211 and $176,856, respectively.
MULTISTATE TAX COMMISSION

NOTES TO FINANCIAL STATEMENTS
June 30, 1988 and 1987

NOTE 3 - NOTE PAYABLE

Note payable at June 30, 1988 was as follows:

<table>
<thead>
<tr>
<th>Manufacturer</th>
<th>Current</th>
<th>Long-Term</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>0% installment note, collateralized by related equipment, payable in monthly installments of $1,177.47, including interest, with final payment due January, 1990.</td>
<td>$2,273</td>
<td>$1,325</td>
<td>$3,598</td>
</tr>
</tbody>
</table>

The minimum scheduled note payments remaining at June 30, 1988 are as follows:

<table>
<thead>
<tr>
<th>Fiscal Year Ended</th>
<th>Current</th>
<th>Long-Term</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1989</td>
<td>$2,273</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1990</td>
<td>$1,325</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Total note payments: $3,598
Interest included in payments: ---

TOTAL: $3,598

Note payable at June 30, 1987 was as follows:

<table>
<thead>
<tr>
<th>Manufacturer</th>
<th>Current</th>
<th>Long-Term</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>7.9% installment note, collateralized by related equipment, payable in monthly installments of $1,177.47, including interest, with final payment due July, 1990.</td>
<td>$11,494</td>
<td>$27,062</td>
<td>$38,556</td>
</tr>
</tbody>
</table>

NOTE 4 - COMMITMENTS

The Commission rents its office facilities in Colorado, Washington, D.C., Texas, New York, and Illinois under lease agreements with terms expiring on various dates through September 30, 1991. These leases provide for the following minimum annual rentals exclusive of utility charges and certain escalation charges:

<table>
<thead>
<tr>
<th>Fiscal Year Ended</th>
<th>Minimum Annual Rental</th>
</tr>
</thead>
<tbody>
<tr>
<td>June 30, 1989</td>
<td>$89,933</td>
</tr>
<tr>
<td>June 30, 1990</td>
<td>$53,050</td>
</tr>
<tr>
<td>June 30, 1991</td>
<td>$49,724</td>
</tr>
<tr>
<td>June 30, 1992</td>
<td>$12,431</td>
</tr>
<tr>
<td>June 30, 1993</td>
<td>---</td>
</tr>
<tr>
<td>Subsequent years</td>
<td>---</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>$205,638</strong></td>
</tr>
</tbody>
</table>
MULTISTATE TAX COMMISSION

NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 1988 and 1987

NOTE 4 - COMMITMENTS (Continued)

The leases include certain escalation charges based on various factors including wage index, utility, operating and property tax increases from a base year. Rent expense for the year ended June 30, 1988 and 1987 was $132,703 and $114,022, respectively.

NOTE 5 - APPROPRIATED FUND BALANCE

In 1981, the Executive Committee of the Multistate Tax Commission established a revolving fund financed through the net income from publications and seminars to be used to promote additional seminars and publications of additional works.

During the year ended June 30, 1986, the Executive Committee set up the review subscription revolving funds. The net proceeds from the review subscriptions are to be used to cover future printing and postage costs of the publication.

During the year ended June 30, 1987, the Executive Committee determined that the proceeds from the over funding of the pension plan would be set aside to be used to provide funds for moving the administrative office to Washington, D.C.

NOTE 6 - RESTRICTED FUND BALANCE

During the year ended June 30, 1986 the Executive Committee set up the National Bellas Hess Fund and solicited contributions on its behalf. The contributions received are restricted for this program and are to be used to support education, lobbying and legal expenses related to the National Bellas Hess case.

During the year ended June 30, 1988 the 4R Program was established whereby contributions received are restricted to use for supporting education lobbying and legal expenses related to this program.
MTC Expenses

1987/1988

- Audit (58.8%)
- Legal (14.3%)
- Administration (12.4%)
- Transition to D.C. (2.4%)
- Special Projects (6.8%)
- Legislative (5.3%)