



MULTISTATE TAX COMMISSION

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To: The Commission
From: Christy Vandevender, Nexus Committee Chair
Re: Nexus Committee Activities FY 2020
Date: July 29, 2020

Nexus Committee Report for FY 2020

The Nexus Program FY 2020 results (July 1, 2019, through June 30, 2020) are provided below.

- Nexus states' collections: \$21,551,287 (\$14,695,429 FY 2019)
- Non-Nexus states' collections: \$0 (\$48,892 FY 2019)
- Nexus states' executed agreements: 544 (379 FY 2019)
- Nexus states' average contract value: \$39,616 (FY 2019: \$38,774)

The above amounts include checks received by the Commission or amounts paid by the taxpayer directly to the states and reported to the Commission. Interest on back tax paid and the value of a new taxpayer are not included. Applications continue to increase in the post-*Wayfair* era. The Commission received applications from 208 taxpayers in calendar year 2019. For calendar year 2020 to date, 150 taxpayers have so far applied. Most of the applications are based on sales/use tax economic nexus.

The Nexus Committee met in person on August 5, 2019 in Boise, Idaho, on November 5, 2019 in San Antonio, Texas, and conducted teleconference meetings on April 21, 2020 and July 28, 2020.

The Committee considered at the August 5, 2019 meeting: the results of the survey dated November 28, 2018 regarding participating states' treatment of voluntary disclosure agreements involving pass-through entities; and the results of the lookback period calculation survey dated June 3, 2019.

The Committee considered and approved at the November 5, 2019 meeting: a proposed amendment to the standard agreement form used with taxpayers claiming sales/use tax economic nexus in states that have implemented sales/use tax economic nexus, which provides that the state or the Commission can void the agreement if the back tax liability for the lookback period shown on the taxpayer's spreadsheets or returns is less than \$500.

The Committee considered and approved at the April 21, 2020 meeting: revisions to the language on the MTC website for the Nexus Program webpage to advise taxpayers that they could request payment plans in their applications for voluntary disclosure during the COVID-19 pandemic period, and that the state would make the determination whether to consider or grant such requests, pursuant to such state's own policies. Also, the Committee considered the results of a survey of participating states concerning the degree of discretion that MTC staff should exercise in voiding an agreement whenever the final amount of back taxes due to the state is less than \$500. Based on the survey results, MTC staff will plan to refer to the state for the state's determination as to whether to void such an agreement when the back tax liability owed is any amount below \$500.

Randy Tilley, ID, has retired from the Idaho Tax Commission, and Jayne Kulberg, WI, has replaced Randy as Vice Chair of the Committee.