

MINUTES
AUDIT COMMITTEE MEETING
PUBLIC SESSION
WASHINGTON, DC
OCTOBER 14, 2003

I. CALL TO ORDER:

Rich Schrader, Audit Committee Chairman called the meeting to order at 8:00 AM and welcomed the members and guests who were present.

II. ROLL CALL:

Present were the following members and guests:

NJ Rich Schrader	ND Gary Anderson	SD Bruce Christensen
ID Lynn Chenowith	ID Joe Randall	OR Eric Smith
OR Janielle Lipscomb	MT Gene Walborn	MT Shona McHugh
MT Don Hoffman	KS Charla Wagner	LA Clarence Lymon
WI Rick DeBano	AR Danny Walker	KY Jennifer Hayes
MN Keith Getschel	TX Tino Barraza	NE Shaun Sookram
WY Rick Scheer	UT Kim Ferrell	MTC Les Koenig
MTC Dan Bucks	MTC Jeff Silver	MTC Harold Jennings
MTC Steve Yang	MTC Sheldon Laskin	

Present through teleconference:

MTC Cathy Felix	MO John Feldmann	AL Chris Sherlock
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Public Present

Dan Kostenbauder
 Jim Pydyszewski

III. PUBLIC COMMENTS:

There were no comments from the public sector present at the meeting.

IV. APPROVAL OF MINUTES OF PUBLIC SESSIONS SALT LAKE CITY, UT

The minutes from the Salt Lake City, Utah public session held on July 29, 2003 were approved as submitted.

V. REPORT FROM EXECUTIVE COMMITTEE LIAISON

Carol Fischer was unable to attend the meeting and no report was given.

VI. EXECUTIVE DIRECTOR'S REPORT

Dan Bucks, MTC Executive Director reported on several corporate tax planning opportunities being used. He suggested that the states may want to look at using Section 18 of UDITPA to determine what may be a reasonable result for income tax.

VII REPORT ON TAX COMPLIANCE INITIATIVE

Dan Bucks, MTC Executive Director reported on the three work groups that were established to examine the problems in state taxation. One group is focusing on problems in the sales and use tax area. One group is working on problems in the Business Activity Taxes. The third group is working on problems in the Pass Through Entity area. Dan explained that the three groups have identified some problems and are working on solutions to these problems.

VIII AUDIT DIRECTOR'S REPORT

Les Koenig, MTC Audit Director issued a written report on the status of the Audit program. Les reported that 1 sales tax and 1 income audits were completed during the first quarter of the fiscal year. He also reported that Bernard Freese an income tax auditor recently resigned. He also reported that there is a vacancy for the new income tax auditor that was approved by the MTC Executive Committee. Les will hold interviews in November to fill these two positions.

IX REPORT FROM AUDITING TECHNOLOGY SUB-COMMITTEE

Bruce Christensen reported on the sub-committee's meeting on October 13, 2003. Bruce reported that the Task Force completed a draft on standards to certify Model 1 and Model 2 taxpayers under the Streamed-lined Sales Tax Project. This draft was first presented to the audit work group of the Streamed-lined Sales Tax Project at their June meeting and further discussed at their September meeting. Bruce further added that a group of state personnel will continue to work on refining the paper.

Bruce also reported that one of the potential CSP providers made a presentation on what standards need to be considered in certifying a CSP system.

X NEW BUSINESS AND ADJOURNMENT

There were no items under New Business. The public session of the Audit Committee was adjourned at 8:45AM.