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Minutes
Nexus Committee Meeting (Open Session)
November 6, 2018
Rosen Centre Hotel, Orlando, FL

List attendees:

Steven Alvarez	GA
Dan Armer*	NM
Chris Barber	MTC
John Biello	CT
Michelle Biermeier	WI
Karolyn Bishop	WA
Gilbert Brewer	WA
Holly Coon	AL
Richard Cram	MTC
Jacqueline Dalenberg	MTC
Lila Disque	MTC
Michael Emfinger	AL
John Ficara	NJ
John Frasier	NH
Scott Fryer	AR
Mike Gamble	AL
Darrick Gartley	NH
Keith Getschel	MTC
Layne Hadlock	ID
Frank Hales	UT
Aaishah Hashmi	DC
Helen Hecht	MTC
Jeff Henderson	OR
Nathan Hoepfner*	KS
Adam Humes	IA
Rusty Johnson*	TX
Hal Jones	TN
Allysen Kerr*	SD

Jennifer Klick*	MO
John Kutsukos	CT
Jayne Kulberg	WI
Elisa Magnuson	ID
Denny Mwangi	GA
Ashley McGhee	NC
Deanna Munds-Smith	AR
Renee Nacrelli	MD
Nathan Nielson	ID
Marcia Ann Oakman*	KY
Josh Pens	CO
Matt Peyerl	ND
Ryan Prete	Bloomberg Tax
Nia Ray	OR
Brendon Reese	CO
Greg Roberts	Reed Smith LLP
Larry Shinder	MTC
Jeff Silver	MTC
Diane Simon-Queen*	MTC
Phil Skinner	ID
Tiffany Southworth*	UT
Alana Stamas	IA
Marshall Stranburg	MTC
Randy Tilley	ID
Audrey Tyndall-Hoyle*	NJ
John Valentine	UT
Christy Vandevender	AL
Charla Wagner*	KS
Donnita Wald	ND
John Whiteman	MO
Steve Yang	MTC

*participation by telephone

Chair Christy Vandevender, AL, brought the meeting to order at 1:30 pm ET, introductions of attendees were made, and public comment was invited. No public comment was made.

Randy Tilley, Vice Chair, ID, moved for approval of the minutes of the July 23, 2018 open session meeting of the Nexus Committee, and the motion passed unanimously.

Nancy Prosser, TX, Chair of the Strategic Planning Committee, and Marshall Stranburg, MTC, provided an update on the activities of the Strategic Planning Committee, which is in the process of updating the mission statement, values, vision and goals of the Commission. These were last updated in 2013. The Strategic Planning Committee is looking for suggestions and will be seeking input and suggestions from all working committees on this at spring 2019 MTC meetings in Denver.

Nexus Director's Report and Update on Recent Nexus Law Developments since July 23, 2018

Richard Cram, Director of the National Nexus Program, presented the Update on Recent Nexus Law Developments since July 23, 2018 and the First Quarter of FY 2019 Nexus Program Director's Report. The update focused on states' efforts to implement the recent *South Dakota v. Wayfair* decision, and the trend toward enactment of laws requiring marketplace facilitators to collect on facilitated sales of their marketplace sellers. Back tax collections from agreements closed during First Quarter of FY 2019 were \$4,032,161.

New Business—pass through entities applying for voluntary disclosure

Richard Cram reviewed his memorandum describing situations in which one pass-through entity merges into or is purchased by another pass-through entity (such as an LLC, S corporation, partnership or limited partnership). The owners (be they members, shareholders, partners or general/limited partners, and which may include individuals, C corporations, or other pass-through entities), along with the pass-through entities, want to be included in the voluntary disclosure agreement. Owners who are nonresident individuals typically request that the state accept composite income tax returns filed by the pass-through entities. Some states may include the pass-through entities and owners within one agreement and others may not. Other states may require a separate agreement with each pass-through entity and owner. Some states may accept composite returns filed by pass-through entities on behalf of their nonresident individual owners, and others do not. Richard stated he would circulate to participating states a survey soliciting responses on the following questions:

1. Which states are willing to consider including both pass-through entities and their owners within one voluntary disclosure agreement, and which states are not?

2. For those states willing to consider including both pass-through entities and their owners within one voluntary disclosure agreement, must the owners, in addition to the pass-through entity, also sign the agreement?
3. Which states are willing to consider accepting consolidated income tax returns filed by a pass-through entity on behalf of its nonresident owners, and which states are not?

Matt Peyerl, ND, suggested that an additional question be added to the survey: How should disregarded entities be treated in a voluntary disclosure agreement? Richard indicated that question would be added to the survey.

This information will assist MTC staff in processing applications for voluntary disclosure submitted by pass-through entities. Richard also asked for any comments or concerns with revisions to the standard agreement to accommodate situations involving a pass-through entity and its owners seeking a voluntary disclosure agreement.

Steve Alvarez, GA, noted that the voluntary disclosure agreement needs to be limited to the pass-through entity, and should not include the owners in the same agreement.

Audrey Tyndall-Hoyle, NJ, asked how a state's adoption of combined reporting would affect voluntary disclosure agreements, and would pass-through entities be included in the combined group. New Jersey has recently adopted combined reporting.

Randy Tilley, ID, stated that combined reporting would not be applicable in Idaho. John Kutsukos, CT, stated that Connecticut requires pass-through entities to be included in the combined group. John Frazier, NH, stated that New Hampshire does also. Aaishah Hashmi, DC, stated that the District of Columbia does as well.

Closed Session

The committee entered closed session to discuss matters protected from disclosure.

Open Session

The Committee returned to open session, had nothing to report, and adjourned.