



Minutes of the Nexus Committee Meeting
July 27, 2015
The Davenport Hotel
Spokane, Washington

Public Session

The following signed an attendance sheet or emailed nexus@mtc.gov to note their presence:

Holly Coon	AL
Michele Mayberry	AL
Tom Atchley	AR
Scott Fryer	AR
Deanna Munds-Smith	AR
Phyllis Abe	HI
Leticia Jacobs	HI
Donald Kuriki	HI
Madeleina Lai	HI
Lynn Lyckman	HI
Ted Shiraishi	HI
Michael Chakarun	ID
Ken Roberts	ID
Randy Tilley	ID
Steve Wynn	ID
Don Richardson	KY
Lee Baerlocher	MT
Kory Hofland	MT
Gene Walborn	MT
Ken Beier	MTC
Cathy Felix	MTC
Keith Getschel	MTC
Jeff Silver	MTC
Steve Yang	MTC
Diane Simon-Queen *	MTC
Lennie Collins	NC
Matthew Peyerl	ND
Myles Vosberg	ND
Kathleen Sher *	NH
Janice McGee	NM
Christi Daniken	OR
Jeff Henderson	OR
Gary Humphrey	OR
Don Jones	OR
Anita Conner	PA
Bruce Christensen	SD

Hal Jones	TN
Joan Cagle *	TN
Rusty Johnson	TX
Mike Christensen *	UT
Frank Hales	UT
Shelley Robinson *	UT
Karolyn Bishop	WA
Steve Reitcheck	WA
John Ryser	WA
Julie Christensen	WI

* Telephone participation

Open (Public) Session

Chairman Lennie Collins of North Carolina welcomed representatives of member states and members of the public. He reviewed the agenda for the committee and passed around an attendance sheet. *The committee approved the minutes of the March 2015 meeting as presented.*

Mr. Shimkin delivered his Nexus Director's Report, which summarized the activities of the National Nexus Program in fiscal year 2015. His report addressed:

- Revenue from multistate voluntary disclosure (\$13.8 million for Nexus members in FY 2015);
- Update on nexus law and regulation since the last committee meeting;
- Review of the status of two strategic-planning project teams:
 - The project team to increase membership in the NNP presented the committee its final report, and
 - The project team to improve the multistate voluntary disclosure process gave an interim report and stated that it would extend its work till the December meeting, at which it would present its final report;
- The NNP's work to harness technology to improve efficiency;
- Staffing levels (Ben Abalos resigned his position as associate director due to his relocation out of commuting distance from the Commission (his former position is vacant);
- Schedule of Nexus Committee meetings;
- Report on where and when there were Nexus Schools;
- Review of staff speaking engagements; and
- Request that state websites link their voluntary disclosure pages to the NNP's page.

Chairman Collins explained the status of the **project to improve multistate voluntary disclosure**. He said that the project team requested to present its findings at the December 2015 meeting of the Nexus Committee instead of at this meeting as it originally planned to do. He said that the team was contacting state personnel and taxpayer representatives involved in voluntary disclosure to identify points in the process that could be sped up, and to identify other ideas to improve the service. *The committee approved the extension till December.*

Gene Walborn (MT) explained that the **project team to increase membership issued its final report** to the Nexus Committee at this meeting. He said that the project team surveyed representatives of non-member and member states to discover what they liked and did not like about the current NNP. The goal was to identify barriers to membership and to identify things that the NNP can do to increase its value to potential members.

Mr. Walborn explained that the project team's final report (see appendix A) contains *six recommendations*:

1. The National Nexus Program would benefit from additional marketing activity, specifically:
 - a. The MTC Strategic Planning Steering Committee consider extending the MTC outreach program to states that do not currently participate in the Commission and highlight the benefits of the National Nexus Program when contacting those states,
 - b. The National Nexus Program director identify non-participating states that have taken advantage of the nexus schools in recent years, and follow up with those states about possible membership in the National Nexus Program, and
 - c. The National Nexus Program director and the chair of the Nexus Committee look for opportunities to partner with the Federation of Tax Administrators (FTA) and regional state tax associations to share information about National Nexus Program activities;
2. The MTC Executive Committee consider developing a phased-in fee structure for states joining the National Nexus Program, similar to the approach used in the Multistate Joint Audit Program;
3. Defer making any recommendations about the Multistate Voluntary Disclosure Program to the project team that is looking at that program area;

4. Recommend that the Nexus training program be expanded; the project team recognized that additional training activity would require additional resources or a shifting of existing resources;
5. Recommend that the National Nexus Program director continue to provide regular updates on legal developments to the states at Nexus Committee meetings;
6. Recommend that the Nexus Committee consider sponsoring a project to develop better tools for information sharing among the states on taxpayer discovery, audit results and developing leads.

The committee also deliberated whether to reconsider changing the policy to accept only disclosures that have estimated revenue of \$500 or more over the lookback period. *The committee approved the project team's report without amendment.*

Chairman Collins asked committee members to suggest additional strategic-planning projects that he could present to the Strategic Planning Steering Committee later in the week. The committee was enthusiastic about increased sharing of information. Consultant Elizabeth Harchenko suggested that the project team put together a robust plan if the committee wanted to explore that idea. She said that the plan should consider issues such as confidentiality and the nature of information to share. Two committee members said that Gentax would be a possible tool that could be made more effective with increased sharing of information. In response to a suggestion to create a database of apportionment factors, Mr. Shimkin advised that the NNP had such a project about fifteen years before but that it had lasted only a couple of years due in part to opposition from taxpayers and lack of participation by states. Chairman Collins said that information sharing would be a good project.

Mr. Collins invited recommendations for other projects. Three consensus ideas emerged to be considered: increased information-sharing, phasing in of fees, and an advanced nexus school. Rewriting portions of the NNP web pages to be more concise was also mentioned but not further discussed.

Chairman Collins polled members to determine which of the three ideas he should present to the Strategic Planning Steering Committee. Ms. Harchenko advised that the Steering Committee would approve no more than one project. Eighteen members wanted a project to increase sharing of information. Four members preferred to expand nexus schools. One person wanted to pursue a phased-in fee schedule. Consultant Harchenko suggested that a small group define the nature of the proposed information-sharing project, and present its recommendations to the full committee.

The committee appointed volunteers Randy Tilley (ID), John Ryser (WA), and Christi Daniken (OR) to a project team to develop a proposal for the Nexus Committee to consider. The committee set no timeline for the project team to define the project and present a proposal.

Upon an approved motion the committee entered closed session to discuss taxpayer-specific information.

The committee returned to open session. No member of the public was present to hear it report on its activities.

The committee adjourned.