



**MULTISTATE TAX COMMISSION**

*Maximizing the synergies of multi-state tax cooperation*

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To: Executive Committee  
From: Lennie Collins, Nexus Committee Chair  
Re: Nexus Committee Activities FY 2016 to Date  
Date: May 12, 2016

### **Nexus Committee Report**

As of March 31, 2016, the FY 2016 Multistate Voluntary Disclosure Program collections for National Nexus Program (NNP) member states and non-member states, executed contracts and average contract value are:

• NNP states' collections:	<b>\$14,209,558</b>	( <b>\$13,850,712</b> for FY 2015)
• All states' collections:	<b>\$14,241,403</b>	( <b>\$15,392,887</b> for FY 2015)
• NNP states' executed contracts:	<b>257</b>	( <b>551</b> for FY 2015)
• All states' executed contracts:	<b>373</b>	( <b>628</b> for FY 2015)
• NNP states' average contract value:	<b>\$39,803</b>	(FY 2015: <b>\$25,137</b> )
• All states' average contract value:	<b>\$38,181</b>	(FY 2015: <b>\$24,511</b> )

Interest on back taxes (billed and collected directly by the state) and the future value of newly enrolled taxpayers, are not included. The difference between NNP states' collections and all states' collections has narrowed from the previous year because the NNP stopped accepting applications on behalf of non-member states on July 1, 2014. The small amount collected on behalf of non-member states to date in FY 2016 comes from disclosures begun before July 1, 2014.

This report reviews Nexus Committee activities during fiscal year 2016 to date (July 1, 2015 through March 31, 2016).

The Nexus Committee met on July 27, 2015 in Spokane, Washington, December 9, 2015 in Charleston, South Carolina, and March 3, 2016 in Salt Lake City, Utah.

The Committee discussed the following issues at the July 27, 2015 meeting:

The Strategic Planning Project Team for the project to increase Program state membership issued its final report at this meeting, which was approved, completing this project.

The report contained several recommendations:

1. The NNP would benefit from additional marketing, including: extending the MTC outreach program to non-member states regarding benefits of the Program; the NNP Director should follow up directly with non-member states that have recently sent staff to nexus schools; and opportunities should be explored to partner with the Federation of Tax Administrators (FTA) and regional state tax associations to promote the NNP;
2. Offer a phased-in fee structure for states joining the NNP, similar to the approach used in the Multistate Joint Audit Program;
3. Expand the nexus training program;
4. NNP Director should continue to provide updates on nexus law developments at Committee meetings;
5. Consider a project to develop better tools for information sharing among the states on taxpayer discovery, audit results and developing leads.

The Committee discussed the following issues at the December 9, 2015 meeting:

The Strategic Planning Project Team for the project to improve the Multistate Voluntary Disclosure Program presented its report, which was approved. The report made the following recommendations:

1. Three new projects should be considered: (1) review document submission processes and identify ways to further automate and avoid the Postal Service; (2) review MTC Multistate Voluntary Disclosure materials on the web site for clarity and ease of use; and (3) eliminate state-specific voluntary disclosure requirements in the agreement from the otherwise uniform process.
2. NNP staff should solicit information from the states on changes in laws, rules, policies, procedures, and amnesties.

3. NNP staff should host annual training for state personnel who work with voluntary disclosure to review MTC procedures and policies.
4. NNP staff should reach out to state, local and regional practitioner groups to seek greater awareness of the Multistate Voluntary Disclosure Program.
5. Nexus Committee should have regular and on-going discussions concerning the performance of the Multistate Voluntary Disclosure Program.

The Committee formed a workgroup (Christi Daniken, Randy Tilley, and John Ryser) to develop a priority ranking of new project recommendations for discussion and consideration at the March 2016 meeting.

The Committee reconsidered and voted not to change its policy implemented in July 2014 that NNP staff should not accept disclosure applications when the total estimated tax liability for all lookback years is estimated to be under \$500.

The Committee discussed the following issues at the March 3, 2016 meeting:

The priorities workgroup recommended the following priorities for possible projects:

1. First priority—review MTC Multistate Voluntary Disclosure materials on website for clarity and ease of use.
2. Second priority—review Multistate Voluntary Disclosure application and agreement format; or review MVDP document submission processes and identify ways to further automate these steps in the process.
3. Third priority—develop tools for nexus compliance information sharing among the states.

The Committee accepted the report and voted to proceed with the project to review MTC Multistate Voluntary Disclosure materials on the website for clarity and ease of use. Volunteers for a workgroup to commence this project are currently being solicited.

Christi Vandevender of Alabama was voted as the new Vice Chairperson for the Committee.