



**Minutes of the Executive Committee Teleconference Meeting  
July 1, 2010**

**I. Welcome and Introductions**

The Executive Committee commenced its meeting via telephone at 2:00 p.m. Eastern Time on July 1, 2010. The following participated:

<b>Name</b>	<b>Affiliation</b>	<b>Name</b>	<b>Affiliation</b>
Michael Mason	AL	<b>Private Sector/Other</b>	
Richard Moon	CA BOE	Doug Lindholm	COST
Steve Cordi, Chair	DC	Diane Smith	Sutherland, Asbill & Brennan LLP
Royce Chigbrow	ID		
Dale Vettel	MI	Dave Clark	
Jack Mansun	MN		
Alana Barragán-Scott	MO		
Dan Bucks	MT		
Rebecca Abbo	NM	<b>MTC Staff</b>	
Cory Fong	ND	Ken Beier	Greg Matson
Nancy Prosser	TX	Roxanne Bland	Shirley Sicilian
Bruce Johnson	UT	Joe Huddleston	Bill Six
[unrecorded]	WA		

Following the introduction of attendees, the Chair noted there was a quorum and that all members of the Executive Committee were present.

The Chair explained that with the appointment of Cory Fong as Vice Chair of the Commission, there is a vacancy on the Executive Committee; and that he has appointed Royce Chigbrow, Chairman of the Idaho State Tax Commission, as a member of the Executive Committee. The Chair asked for a vote to elect Mr. Chigbrow, whereupon he was elected by unanimous voice vote.

The Chair then provided an update on bylaw 7 surveys for uniformity items that will be before the Commission at its annual meeting on July 28<sup>th</sup> in Hood River, Oregon. The bylaw 7 survey items are:

- Repeal of Uniform Principles Governing State Transactional Taxation of Telecommunications – Vendor and Vendee Versions—this has passed the bylaw 7 survey and will be on the Commission’s agenda.
- Model Uniform Regulation IV.18.(A) Amendments—this has passed the bylaw 7 survey and will be on the Commission’s agenda.
- Repeal of Guideline Regarding Applicability of Sales and/or Use Tax to Sales of Computer Software—the 30-day period expires today, so the result has not yet been determined.
- Model Statute on Tax Collection Responsibilities of Accommodations Intermediaries—not all states have voted, so the result has not yet been determined pending further votes and also a determination of “affected states” among those voting.

In response to a question from Mr. Fong, Ms. Sicilian explained the Uniform Regulation IV.18.(A) amendments dealt with the Section 18 distortion provisions, and that the “unique and non-recurring” language had been removed from the regulation.

## **II. Public Comment Period**

There were no public comments during this segment of the meeting.

## **III. 2010-2011 Budget – Expenditures**

Mr. Huddleston reminded the committee that the revenue side of the budget was approved at the May 23 meeting and that the full budget will be approved at the annual meeting of the Commission on July 28 in Oregon. He reviewed highlights from the revenue side of the budget—no increase in member fees, a 5 percent increase in audit program fees, and no increase in nexus program fees.

Mr. Huddleston noted an allowance for a 15-percent increase for health insurance cost, and that the actual amounts should be known prior to the Commission meeting. He added the following details on the expenditure side: no salary increase and no new positions; however, he is recommending restoring one audit position which would be funded out of reserves.

Ms. Prosser moved for acceptance of the expenditure portion of the 2010-2011 budget. This was passed by a unanimous voice vote.

#### **IV. Report of the Resolutions Committee**

Mr. Johnson reviewed the expected resolutions, starting with renewal of resolutions from 2005, which would expire this year without specific action by the Commission. These resolutions are:

- Policy Resolution 05-01, Resolution in Support of Telecommunications Tax Improvement
- Policy Resolution 05-02, Resolution in Support of Expansion of the Refund Offset Program
- Policy Resolution 05-03, Resolution Urging the Adoption and Use of the Alternative Dispute Resolution Program by Compact Member States
- Policy Resolution 05-04, Resolution Regarding Tax Fairness in the Proposed Federal Extension of the “Internet Tax Nondiscrimination Act”

Ms. Prosser suggested the addition of efforts to work with the federal government in the extension of Resolution 05-01. Mr. Johnson responded that he preferred state action without federal interference, and Mr. Bucks added some comments on the history of this issue with respect to the involvement of other state government organizations. Mr. Huddleston also noted an upcoming July meeting of telecommunications industry representatives with state and local groups on this issue. Mr. Johnson added that the Commission often issues a “Statement of Application” where the executive director explains how he will respond in light of current events. He suggested that concerns about federal involvement in telecommunications taxes and other areas, such as hotel intermediaries, could be included in this statement.

In response to a question from Mr. Bucks, Mr. Cordi confirmed that the resolutions are advisory at this point in time. Mr. Bucks commented that the role of the Internet has changed since the initial passage of the Internet Tax Freedom Act, and that the infant industry argument no longer has much relevance. Concurrence with this perspective was expressed by Mr. Johnson and others. Mr. Johnson suggested that the resolution could suggest that the moratorium has outlived its usefulness and should be repealed. Mr. Huddleston indicated that the staff would support work on revising the language of this resolution.

#### **V. Adjournment**

The meeting was adjourned at 2:50 pm.