

PUBLIC NOTICE & AGENDA

Strategic Planning Compliance Project Work Team Session – nominating process

Tuesday, January 8, 2013 11:00 a.m. to 1:00 p.m. Eastern Time

I. Welcome and Introductions – Attending: Randy Tilley ID, Rick DeBano WI, Les Koenig MTC, Harold Jennings MTC, Lee Baerlocher MT, Elizabeth Harchenko (facilitator). Guests: Terry Fredericks (Sprint), Dian Smith (McDermott, Will & Emery, D.C.).

II. Initial Public Comment Period

In accordance with its Public Participation Policy, the Commission provides this opportunity for members of the public to address the Commission directly on this agenda. The team may also provide for public comment before or during the committees discussion of specific agenda items. No public comment offered.

III. Project Review

A. Project plan and time line – Team discussed questions and concerns about the project plan and time line for the project. The time line looks reasonable now; a lot will depend on the March Audit Committee meeting and Audit Committee reactions and suggestions. The team agreed to review the time line and make any adjustments after the Audit Committee meeting in St. Louis. The team discussed whether it will be necessary to develop two separate processes for income tax and sales tax. At this point we believe the processes can be similar. The data requested, and the criteria used to select audits, may be different for the two tax types.

B. Project description – The team made a few adjustments to the project description. The updated project plan (version 2.0) is attached to the meeting notes.

The team started to talk about how the current process works. Team members also listed a number of specific concerns about the current process. Detailed discussion notes are incorporated into “MTC Audit Nomination Process” description (version 1.0), attached to the meeting notes.

Next the team discussed the “customers” of the audit nominating process. The primary “customers” are the states and the MTC audit staff. The team recognized that taxpayers are affected by the outcome of the process in two ways: whether they are subject to an MTC joint audit and based on how many states participate in an audit. Some tax managers prefer a smaller number of states in a single audit.

The team discussed its initial thoughts on how to evaluate an improved audit nominating process (what would you like to see happen if the process works really

well)? Possible outcomes and measures were included in the detailed description of the project that was given to the Steering Committee. Number of states participating in audits over a time frame; how many audits each state participates in over a time frame; correlation between nominations and priority votes if % of total participation and priority votes have a higher correlation, should have better audits; dollar production from audits; (not auditor time or hours per audit); % of audits with significant results.

IV. Schedule of meetings: February, March (Audit Committee meeting 3/6), April, May, June, July (Annual Meeting)

Next teleconference: Tuesday, February 12, 2013 – 11:30 Eastern time.

V. Assignments and next steps – Elizabeth reminded the group that there will be homework to do between telephone conference calls. Between meetings, we need to finalize the detailed description of all steps in the process; and ask the Audit Committee members for their thoughts on the good aspects of the current process and where it could be improved. Team members agreed to review the detailed project description, and have their questions, concerns and comments ready on January 22.

Elizabeth will get questions out to states with response by 1/31. She will distribute a revised project plan to group. She will finalize and distribute meeting notes. Les will provide data about the number of audits that have had minimal changes over the past 5 years. This data was requested by the early “no change” project team, but it will be useful for this group as well.

Questions: The team talked about how a state’s philosophy about MTC audits could affect their participation and interest in the project. Elizabeth will include the following topics in the questions she sends out: What are the good points about current nominations process and what are the areas that should be considered for improvement? What criteria do you use to make a nomination? What criteria do you base a “priority” vote on? What is your philosophy about MTC audits – how do you see them helping your state’s audit program?

Parking Lot items: There will be a need for IT help at some point in the project. The team needs to fold in discussion of the “new” criteria for income tax audits (step 2 request). Les to follow up with his managers on the current audit inventory, and let the group know whether there are enough audits in the inventory to get to the July meeting.

Next meeting agenda: January 22, 2013 – Teleconference; review process “map”; identify opportunities for efficiency, time savings, and error avoidance. Discuss possible changes to criteria used to evaluate nominations from the states. Solicit input from states on possible improvements to existing process.

Meeting date also set for Tuesday, February 12, 2013 – 11:30 EST.

VI. Adjournment at 1:00 pm EST.