

**MTC Strategic Planning Steering Committee
Report to the States on Environmental Scan Responses
October 25, 2011**

Background

The MTC Strategic Planning Steering Committee has completed an environmental scan to identify current perspectives about the MTC from stakeholders and to prepare for the future. The committee seeks to identify what the MTC can and should do to be effective in this rapidly changing and challenging time. The committee is working to create a solid base of information on which to make decisions about strategic direction in the future. The committee is also looking for opportunities to make changes in the short term that will help the MTC achieve greater efficiency and effectiveness.

The environmental scan was done using a SWOT analysis, reviewing the strengths and weaknesses of the MTC as an organization, and identifying the external opportunities and threats that are present outside the organization. The environmental scanning process involved in-person meetings, telephone discussions, and a web-based forum for input. The in-person meetings were conducted with tax administrators and state staff at the Commission's 2011 Annual Meeting. Members of the public attended some of these sessions and provided input. The telephone discussions were held with MTC staff members and twenty-seven individuals from all parts of the commission participated. The web-based forum was designed for use by external stakeholders and business partners. MTC staff publicized the forum by making direct contact with representatives of business partners and stakeholders. Response from external stakeholders through the forum was very limited.

Environmental Scan Results

Major themes were consistent across most groups that provided input through the different methods explained above. There was some variation in details that people offered to further explain a comment or to illustrate a point. All comments have been captured in detail. The summary presented here is a synthesis of the major themes that came up in each of the four dimensions of the scan.

Strengths

- MTC compliance programs: all programs are valued highly by state staff, and are generally well respected by taxpayers.
- MTC staff: respondents cited staff skill, knowledge, leadership, legal and policy support, all as specific strengths.
- Diverse commission membership – differences in background, knowledge, and perspective of the states and state personnel.
- MTC staff and states have expertise that can be shared.
- Strong relationships: State-to-state; states to MTC Staff; MTC to other organizations and taxpayers.
- Public participation policy: creates transparency for taxpayers and other stakeholders.
- Accessibility of MTC officials and materials to taxpayers and to the tax press.
- Training programs: subject matter and instructors.

Weaknesses

- Insufficient use of current technology and communication tools.
- Lack of actual uniformity among the states: many uniformity proposals are not adopted by a majority of states (there were many causes and examples identified).
- Time-consuming processes for decisions on uniformity proposals and for action within program areas.
- Relationships with some in the business community; public participation policy can slow things down.
- Limited resources for the audit program may not be sufficient for today's environment.

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- Variability in participation by the states over time in the programs and committees.

Opportunities

- Use technology differently to enhance program results; preserve institutional knowledge.
- Expand training (including to private sector).
- Enhance relationships with other tax administration organizations.
- Influence federal legislation.
- Enhance audit program through specialization, technology.
- Better leverage the expertise of MTC and state audit staff.
- Better define and publicize the identity of the MTC and better align business partnerships.
- Better market the Alternative Dispute Resolution program.

Threats

- Financial condition of states for next several years.
- Federal pre-emption; changes to federal tax code.
- Lack of engagement by states.
- Retirement of knowledgeable staff both in the MTC staff and in the states.
- Legislators' lack of understanding and suspicion of the executive branch.
- Mistrust and suspicion between state staff and taxpayers.
- Taxpayer behavior: tax avoidance; resistance to joint state audits.
- Restrictions on information sharing.
- Overall decline in citizen trust in government.
- Some state audit staff perceive audit and Voluntary Disclosure programs as threats to their role or as a competitor for their work.
- The Streamlined Sales and Use Tax Agreement: will the existence of this separate organization reduce MTC's role in sales tax policy development or audit work?

Next Steps

The steering committee is reviewing the results of the environmental scan and developing options and recommendations for the Executive Committee to consider at its December 1 meeting in Charleston, South Carolina. The steering committee will address two questions at that time. First, are there any projects or activities that the MTC can begin immediately? Second, should the MTC continue to develop a strategic plan? If the steering committee recommends that strategic planning continue, their report will also discuss the scope of a planning effort and time frames.

Contacts

Steering Committee members:

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