



**Minutes of the Executive Committee Meeting
January 8, 2009
San Diego, California**

I. Welcome and Introductions

The Executive Committee commenced its meeting at 8:35 a.m. Pacific Daylight Time on January 8, 2009. The following participated either in person or *via telephone*:

Name	Affiliation	Name	Affiliation
Robyn Wilson	AK	Private Sector/Other	
Tim Russell	AL	Todd Lard	COST
Richard Moon	CA	Jim Eads	FTA
Selvi Stanislaus	CA	Nicola White	Tax Notes
<i>Richard Cram</i>	KS	<i>Diann Smith</i>	Sutherland
Earl Mallet	LA	<i>Cara Griffith</i>	PwC
Omar Davis, Chair	MO	MTC Staff	
Eric Smith	OR	<i>Ken Beier</i>	Shirley Sicilian <i>Bill Six</i>
Kevin Koller	TX	Joe Huddleston	
Craig Griffith	WV	Greg Matson	

II. Public Comment

The Chair invited public comment but also said that he would allow specific comment on substantive matters at the time the Committee reached that point in the agenda. There was no public comment at this time.

III. Approval of Minutes of the November 20, 2008, Executive Committee Meeting

After a motion duly made, the minutes of the November 20, 2008, Executive Committee Meeting were approved.

IV. Report of the Chair

The Chair noted that his term as director of Revenue for Missouri would end the following Monday at Noon. He said that it had been a real pleasure serving as Chair of the Commission and learning about the policies and issues important to other states in regard to tax administration. He noted that Karen King Mitchell, former deputy attorney general for Missouri, will be his successor, and that Ms. Mitchell or her designee will be a great addition to the Commission.

Mr. Huddleston said that the Chair had served in an outstanding manner in his short tenure in office, and expressed his appreciation for the great job that the Chair has done. He added that by operation of the bylaws, the Vice-Chair, Stephen M. Cordi, will become the Commission's Chair upon Mr. Davis's departure.

The Chair also encouraged everyone to attend the Commission's annual meeting to be held in July in Kansas City.

V. Report of the Treasurer

A. Financial report for the period October 1, 2008 – November 30, 2008

Mr. Russell directed the committee's attention to his written report and noted that for the period October 1, 2008 – November 30, 2008, the Commission has a total current unappropriated fund balance of \$115,529. He said the report also indicates a total current restricted fund balance of \$77,552, all coming from the activities of the National Nexus Program.

Referring to revenues for the same period, he said that the MTC is doing great, even with the adjustment due to New Hampshire dropping out of the National Nexus Program and the unfavorable variance in Training as a result of timing. He reported that the Commission's assets are very strong, but mostly in cash and generating little interest right now.

Mr. Russell concluded that things are strong financially at the Commission.

Following a motion duly made the financial report for the period October 1, 2008 – November 30, 2008 was approved.

B. Approval of audited financial statements as reported in the independent auditor report for fiscal year July 1, 2007 – June 30, 2008

The Chair noted that the audited financial statements as reported in the independent auditor report for fiscal year July 1, 2007 – June 30, 2008 were distributed for review to states at the last Executive Committee meeting or mailed to them if they weren't there.

Upon a motion duly made, the audited financial statements for fiscal year July 1, 2007 – June 30, 2008, were approved.

Mr. Huddleston asked the committee for comment and consideration regarding setting a budget working group to work with him in the coming year to address the Commission's finances in light of the serious budget issues affecting the states.

Following a brief discussion, the Chair declared the consensus of the committee was to set up a budget working group to assist the Executive Director during this year consisting of the current officers, Dan Bucks, Elizabeth Harchenko, and Bruce Johnson.

VI. Report of the Executive Director

Mr. Huddleston referred the committee to his written, interim report. He provided an update on the transition of the Commission's retirement plan, noting that by moving to a different funds manager the Commission expects to save approximately \$20,000 per year, and the costs to employees will likewise be reduced. He said that this transition was completed on December 15, 2008.

He also noted that a questionnaire had been sent out about changes to the federal estate and gift tax, and asked that states respond so that a sense of the direction they'd like to see the federal estate and gift tax take could be ascertained.

He noted the Commission's upcoming training opportunities listed in his report.

He apprised the committee that a number of folks in the accounting firms have asked about the change in the federal due date for partnership returns. They are concerned that the states would merely adopt the same deadline; the letter attached to his report suggests two alternatives to provide easier compliance.

Mr. Russell asked about the impact of this issue. Mr. Huddleston said that it was a mainly a compliance matter, and that while he was not making any recommendation with respect to the issue, he did want to bring it to the attention of the states.

VII. Other Reports

The Chair noted that at the last Executive Committee meeting, the committee approved the preparation of resolutions for Tim Blevins, who left the Kansas Department of Revenue, and for Ben Miller, who retired from the California Franchise Tax Board, in appreciation for their work on behalf of the Commission. These resolutions have been prepared by staff are now before the committee for approval.

Mr. Huddleston said that Mr. Miller's efforts with the commission over the last 20 years have been extraordinary and unsurpassed. He added that Mr. Blevins has been

vitaly important not only to Commission, but the states in general, in the technology area.

Upon a motion duly made, both resolutions were approved.

VIII. Uniformity Projects

A. Update on UDITPA Revision Project and Related Matters

Ms. Sicilian reported that ULC (formerly NCCUSL) will be meeting early this year. The delay was to allow time for consideration by the Council of State Governments, National Conference of State Legislatures, and the American Legislative Exchange Council. Mr. Huddleston noted that all three of these groups have agreed to participate as official observers to the study committee process. At this meeting, the ULC will consider whether to recommend proceeding with the project. Ms. Sicilian reminded the Committee that Mr. Huddleston sent emails to all asking that tax administrators contact the ULC to express support for the project and to speak with their respective legislatures. Those contacts are critical.

Ms. Sicilian also reported that, in the meantime, the MTC UDITPA drafting group – consisting of Ben Miller (CA), Joe Garrett (AL), Ted Spangler (ID), and MTC staff – have been meeting weekly to fashion options for proposed revised language on the 5 UDITPA sections that the MTC members identified as in need of revision. These drafts will be brought to the Executive Committee when the timing is appropriate vis-à-vis the ULC process.

B. Proposals and Recommendations before the Executive Committee

The Chair stated that no uniformity proposals were before Executive Committee for action.

IX. Review of Upcoming Meetings & Events Schedule

Mr. Huddleston referred the committee to the upcoming calendar of events and summary of the MTC in-person meeting cycle included in the meeting materials. He noted that the MTC committees are working committees, and encouraged the states to let the staff know as soon as possible whether they can send people to the committee meetings. He said that the staff recognizes that states are experiencing severe economic difficulties, but the Commission needs to make sure the committees are able to do the work they've been chartered to do. He invited discussion of the meeting schedule and whether it could be adjusted in a way that makes sense economically at the same time being sensitive to the need for the committees to function appropriately.

Mr. Russell commented that the Legislative Day in the spring provides an important opportunity to be in discussions with congressmen and senators, who have

listened very attentively to the needs of his state. Mr. Huddleston concurred, saying that the states have always come away regarding their legislative day experience as very valuable. He added that this day is also tied to a critical executive committee meeting.

Ms. Stanislaus suggested that perhaps some meetings could be combined, perhaps the May meetings with the March meetings. Mr. Huddleston added that some committees have suggested they may not need to hold the number of in-person meetings, although the timing of some meetings, such as the committee meetings in March, provides sufficient time for actions to be taken at various levels leading up to the annual meeting in July.

Mr. Smith thought that the current spacing for the working committees works well, and noted the high value of getting together in face-to-face format. He also said it would be good to know in advance which states will be represented at a particular meeting. Mr. Huddleston discussed the advantage that online registration will provide in this regard when implemented.

Ms. Wilson also noted the value of face-to-face meetings, and added that some states only send one person, so it is good to have a set of meetings during one week to accommodate that. She suggested combining some meetings, such as this one. She also suggested that providing some training for committee and subcommittee chairs would be very helpful. Mr. Huddleston said that the training idea was excellent but wondered how to schedule that time, suggesting that during the annual meeting week may be the best time to do it.

The Chair suggested that this January meeting is most expendable. After some further discussion about the schedule and background of the current meeting cycle, the consensus of the committee was that staff should get input from the committees and develop a recommendation for consideration by this committee at its meeting in May.

[The committee recessed and went into closed session at 10:05 a.m.]

X. Resumption of Public Session and Reports from Closed Session

The public session resumed at 10:55 a.m. The Chair indicated that there was no action to report from the closed session.

XI. Adjournment

Upon a motion duly made, the committee adjourned at 10:57 a.m.