

**DRAFT MINUTES  
NEXUS COMMITTEE MEETING  
Open Session**

July 27, 2010  
Best Western Hood River Inn  
1108 East Marina Way, Hood River, Oregon 97031

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**Public Session**

The following persons attended in whole or in part:

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\* attended by telephone

Chairman Lennie Collins called the meeting to order at 8:30 a.m. Attendees in physical attendance and on the telephone identified themselves.

### **Review of Agenda**

There were no objections to the agenda.

### **Review of March 2010 Minutes**

*The Committee reviewed the open session minutes of its March 2010 meeting and approved them unanimously.*

### **Public Comment**

The chair invited members of the public to comment on any matter relevant to the committee. No one commented.

### **Nexus School**

Mr. Antonio Soto of the Commission reviewed the status of Nexus School. He said that the Commission had presented three Nexus Schools in FY 2010: Topeka, KS; Portland OR; and near the District of Columbia. Presumably due to state revenue situations, each school was lightly attended. He said that there is a Nexus School scheduled in Helena, MT for late October.

Mr. Shimkin reported that he and other Nexus School instructors updated the audit and income tax sections in advance of the Portland school and that staff will make additional updates for use at the Helena school.

Mr. Soto said that the Commission will welcome any state that wants to sponsor a school. Sponsoring states assist with site selection, help out at the school as needed, and agree to send a minimum number of students. In return, the state receives a three thousand dollar tuition credit.

### **The Boyd Study**

Elliott Dubin, the Commission's director of policy research, presented the findings of a doctoral thesis by former Commission intern Ann Boyd Watts. The study examined the effect of voluntary disclosure programs on state revenues. The study presented evidence suggesting that voluntary disclosure programs are effective at bringing in new taxpayers, but likely are less effective in terms of overall revenue than vigorous enforcement. However, given the lack of resources available for vigorous enforcement, Mr. Dubin concluded that voluntary disclosure programs provide states with an excellent return on investment.

### **Nexus Director's Report**

Mr. Shimkin gave a detailed report on the status of the states' National Nexus Program --

- **Membership.** Other than Rhode Island and Wyoming, which did not renew their Nexus memberships, the program continues in fy 2010 with all member states that it had in fy 2009.
- **Voluntary Disclosure Information Management.**

Mr. Shimkin briefed the Committee on a conference call that had taken place to discuss what features member states would like to see in Phase II of the voluntary disclosure software project. Melissa Kopp (MT), Christy Vandevender (AL), Tamra Fucci (AZ), Ted Jutras (MTC), Michelle Lewis (MTC), and Mr. Shimkin participated in this call.

Mr. Shimkin said that staff continues to work with the contractor to make marginal improvements to the voluntary disclosure management software and that it is not yet known when major work toward Phase II will commence.

- **Voluntary Disclosure Revenue.** Mr. Shimkin said that voluntary disclosure revenue continues to increase substantially year over year. He said that in fiscal years 2007 through 2010, revenues were \$13 m, \$17.5 m, \$32 m, and \$63.4 m respectively. He said that the majority of the revenue collected in the past two years was due to the participation of a

small number of taxpayers. Continuing, he said that despite the constant increase in revenue, the number of concluded voluntary disclosure Cases – individual contracts between a state and a taxpayer – has remained in the range of 351 to 515 contracts. He said that the MTC executed 440 voluntary disclosure contracts in fy 2010.

Mr. Shimkin said that all member states had received a report on the revenue collected on their behalf in fiscal year 2010 through multi-state voluntary disclosure, and that printed copies were available for those members physically present at the meeting.

### **Voluntary Disclosure Guidelines**

Mr. Shimkin briefed the Committee on the changes made to the draft Voluntary Disclosure Guidelines since the March meeting. The committee at its March 2010 meeting had created a working group of Nexus staff and state representatives and tasked it to redraft section 12 to meet the concerns expressed by Commission Chair Stephen Cordi in a letter to Nexus Committee Chair Lennie Collins. The work group presented its work to the full committee. As re-drafted, section 12 ensures that the Commission will continue its present and historical policy to maintain the confidentiality of a taxpayer's identity with respect to states and all other parties that have not signed a voluntary disclosure agreement with that taxpayer.

*The Committee unanimously (no abstentions) approved the Voluntary Disclosure Guidelines as re-drafted by the work group. Chairman Collins will request that the Executive Committee consider and approve them at its next meeting.*

### **New Business**

There was no new business.

Mr. Shimkin said that he would distribute minutes of the meeting soon afterward so that members would have them available to guide their work based in preparation for the next meeting. He also said that he would make state-specific revenue results available to members at least ten days in advance of each Nexus Committee meeting.

*-- Closed Session --*

### **Re-convene Public Session & Report from Closed Session**

Chairman Collins solicited suggestions from Committee Members as to where the committee would like to hold its next scheduled meeting, which will be in early March 2011. The committee recommended Chicago, Phoenix, Austin, Dallas, and Tampa. It declined to choose one over another.

The committee adjourned.

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*For more information about this meeting, please contact Thomas Shimkin, Director of the National Nexus Program, Multistate Tax Commission, 444 North Capitol Street, N.W., Suite 425, Washington, D.C. 20001. Telephone (202) 508-3869. Email tshimkin@mtc.gov.*