

DRAFT

REPORT TO NEXUS COMMITTEE
From
Strategic Planning Process Work Team
July 29, 2014

Background

In March 2014, the Nexus Committee chartered a work team to take the results of the Nexus Committee's initial strategic planning work and recommend a draft statement of Mission, Vision and Goals for the National Nexus Program. The work team developed the draft statement and presented it to the Nexus Committee during a teleconference in June 2014. The team took feedback on the draft statement. During that teleconference, the work team members volunteered to develop some project ideas for the goal related to Vitality and Reputation of the National Nexus Program.

Work team members: Christy Vandevender, AL; Anita DeGumbia, GA; Randy Tilley, ID; Gene Walborn, MT; Shelley Robinson, UT; and Tom Shimkin, MTC. The team was assisted by Ben Abalos, MTC; and Elizabeth Harchenko, facilitator. Nexus Committee Chair, Lennie Collins, also assisted the team in its deliberations.

Team Process

The team met by teleconference during June and July. Team members identified four projects that could be undertaken to enhance the vitality and reputation of the National Nexus Program. Those projects were:

- Improvements to the MTC Voluntary Disclosure program
- Educational outreach to taxpayers and practitioners
- Increasing state membership in the Nexus program
- Developing tools to solicit leads

The team developed evaluation criteria to help them decide which projects to recommend to the Nexus Committee for its consideration. Those criteria included:

- Likely state interest in the project;
- The feasibility of the project;
- The impact of the project on the vitality and reputation of the National Nexus Program; and
- The topical urgency or timeliness of the project.

The team decided to bring forward two projects – one related to the improvement of the Voluntary Disclosure Program and one related to increasing state membership in the National Nexus Program. The team also made some changes to the draft statement of Mission, Vision and Goals in response to the feedback from the Nexus Committee in June.

Summary of Recommendations

Mission, Vision and Goals: based on feedback from Nexus Committee members during the June teleconference, the team recommends that the Nexus Committee adopt the statement of Mission, Vision and Goals for the National Nexus Program attached to this report (Attachment 1).

Voluntary Disclosure Improvement Project: the team recommends that the Nexus Committee approve, and recommend to the MTC Strategic Planning Steering Committee for chartering, a project to identify opportunities to improve the Voluntary Disclosure Program. A project description is attached to this report (Attachment 2).

Membership Project: the team recommends that the Nexus Committee approve, and recommend to the MTC Strategic Planning Steering Committee for chartering, a project to identify the barriers to state membership in the National Nexus Program and propose solutions to remove those barriers. The project would also include identifying the program characteristics that attract states to become members. A project description is attached to this report (Attachment 3).

Next Steps

Upon approval of either or both of the recommended projects by the Nexus Committee and the Strategic Planning Steering Committee, a project team and time line would be developed for the project or projects selected.

Respectfully submitted,

Strategic Planning Project Work Team

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Attachment 1

NATIONAL NEXUS PROGRAM – MISSION, VISION AND GOALS

July 29, 2014

MISSION STATEMENT:

The National Nexus Program is a program of the Multistate Tax Commission. Its mission is to:

- Educate taxpayers and state personnel about nexus;
- Foster cooperation among states regarding development and enforcement of nexus law;
- Support compliance with nexus law by those engaged in interstate commerce;
- Support fair and consistent enforcement of nexus law by the states.

VISION:

By 2019, the National Nexus Program will be recognized as:

- A collaborative program in which states and industry, including organizations that represent taxpayers and practitioners, are actively engaged,
- A primary resource for information and education about nexus law, and
- A developer of innovative tools for nexus compliance.

STRATEGIC GOAL AREAS: Areas in which NNP must focus in order to achieve its vision

Vitality and reputation of the program – Our goal is to improve our image and reputation nationally. Increased vitality and reputation of the NNP will be reflected by:

- Increased state membership in the National Nexus Program
- The establishment of a comprehensive nexus resource repository, that will include relevant case law, state statutes and regulations governing nexus
- Investment in nexus services for states and taxpayers

Engagement of states and other stakeholders – Our goal is to increase the level of awareness of the NNP by states and stakeholders. Greater engagement of the states and other stakeholders in the NNP will be reflected by:

- Development of partnerships with taxpayer organizations, other state tax organizations, and practitioner organizations, and leveraging these resources when possible
- Increasing the synergy between the NNP and other MTC committees and work groups, including development of model recommendations concerning nexus
- Effective outreach to the states to have the best understanding of what they need in order to achieve their goals
- Outreach to local governments to identify opportunities for engagement and collaboration

Uniformity and Consistency of Practice – Our goal is to increase uniformity in nexus policy and administrative practices among the states. Achievement of the NNP's uniformity goal will be reflected by:

- Enhanced education of taxpayers and state and local tax agencies about nexus policy and practice, including development of education modules that can be used by others
- Development of uniform model statutes, regulations or policy statements concerning nexus
- Increased information sharing and training for tax agencies
- A balance between the development of policy and standards and honor for the states' sovereignty over their own tax policy

Compliance - Our goal is to develop timely and effective strategies to address new compliance challenges. Achievement of the NNP's compliance goals will be reflected by:

- Development of tools to help taxpayers understand and comply with nexus law
- Effective use of technology tools to enhance compliance
- Improvement and enhancement of the voluntary disclosure program by using technology to make it more speedy and efficient
- Testing of new programs and compliance strategies with taxpayers
- Effective publicity and outreach to the taxpayer community and practitioners

3- Report to Nexus Committee from Strategic Planning Process Work Team (7-29-14)

Attachment 2

Project description: Process Improvement for Voluntary Disclosure Program

This project would involve identifying opportunities to streamline the MTC Voluntary Disclosure Program.

Problem: The Voluntary Disclosure Program is often labor-intensive for taxpayers, state personnel and the MTC National Nexus Program staff. There are opportunities to streamline the voluntary disclosure program to make it more efficient for both the states and taxpayers.

Risks: A labor-intensive process is less likely to be used by taxpayers and states. The MTC Voluntary Disclosure Program is currently the primary program offered by the National Nexus Program. If it isn't being used by significant numbers of states or taxpayers, it cannot return the best value to both constituencies.

Issues for review:

- How does the current process work?
- How is communication between the taxpayer, MTC and affected states handled?
- Where are the opportunities to shorten time lines?
- How do taxpayers and practitioners view the process?
- How might we increase the likely return on investment to the states?
- Do we have the right staff (both number and skill sets)?
- Are there opportunities to condense and standardize the information requested of taxpayers? Could templates be developed and used?
- How do the states view the process, especially those state employees who process voluntary disclosure applications?
- What can be learned from how states handle their own voluntary disclosure programs?
- How might the program be better publicized?
- What improvements would give the best return for the cost of implementing them?
- What components of the program take more effort than the value perceived for both states and taxpayers, and at what cost to the program?

Expected outcomes from the project:

- List of opportunities for improvement to the MTC Voluntary Disclosure Program.
- Estimate or description of likely costs and benefits of any recommended changes.

Who should be involved in the project:

- State staff who work with voluntary disclosure
- MTC staff

Attachment 3

Project description: Increase Membership in National Nexus Program

This project would involve identifying the barriers to state membership in the National Nexus Program and propose solutions to remove those barriers. The project would also include identifying the program characteristics that attract states to become members.

Problem: There are currently 13 states that are not members of the National Nexus Program. The program goals related to the vitality and reputation of the program and engagement of the states can be achieved by attracting as many of these states as possible to join the program.

Risks: When a significant number of states are not members of the National Nexus Program, member and non-member states alike lose the opportunity to work together to address nexus issues; and there is a higher risk of inconsistent administration of nexus standards. In addition, the program cannot provide voluntary disclosure services to taxpayers with respect to non-member states.

Issues for review:

- What barriers or constraints prevent states from becoming members of the National Nexus Program?
- What benefits or services of the National Nexus Program provide value to the states?
- What benefits or services could be leveraged to make the National Nexus Program more attractive to states?
- What is the value that states derive from the Voluntary Disclosure Program?
- What benefits will taxpayers see if more states joined the National Nexus Program?

Expected outcomes from the project:

- List of specific barriers to state membership in the National Nexus Program.
- List of specific benefits of membership in the National Nexus Program.
- Recommendations for steps that can be taken to overcome barriers.
- Recommendations for enhancing current benefits or services to make the program more attractive to states.
- Recommendations for marketing the National Nexus Program to non-member states.

Who should be involved in the project:

- Nexus Committee members
- MTC staff