



To: Robynn Wilson, Chair
Members of the Income & Franchise Tax Uniformity Subcommittee

From: Shirley Sicilian, General Counsel

Date: November 21, 2012

Subject: Uniformity Process Improvements

I. Background

The Commission's Strategic Planning Committee has identified four strategic goal areas - areas in which MTC must focus in order to achieve its vision.¹ One of these goal areas relates to the Uniformity Committee's work:

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

- Greater adoption of uniformity recommendations by state and local tax jurisdictions.
- Uniformity projects will have the greatest value to the states and stakeholders.
- More multistate tax issues will be referred first to the MTC for recommendation or resolution by the states, taxpayers and the federal government.

The Strategic Planning Committee is focusing first on other goal areas, but in anticipation of working with the Strategic Planning Committee, the Income & Franchise Tax Uniformity Subcommittee has begun considering strategic improvements to the current uniformity process.

At its July 2012 meeting, the Subcommittee considered how projects are currently chosen; the current development process and how long it generally takes for each step; how a project's progress is planned, tracked, and communicated; how public input is solicited and received; the finished product is made accessible to states and the public for consideration, etc.

II. Possible Process Improvements under Discussion

The Subcommittee identified possible process improvements (in red and underlined) that could either feed into the Strategic Planning process when that Committee is ready to turn its attention our way, or if appropriate, could be implemented immediately:

¹ The Commission's mission, vision, values, and goals, are available at:
http://www.mtc.gov/uploadedFiles/Multistate_Tax_Commission/Committees/Executive_Committee/Scheduled_Events/Mission,%20Vision,%20Values,%20Goals%20of%20MTC%20as%20of%204-24-12.pdf

1. Uniformity Committee or Executive Committee Initiation

- a. Project may be requested by member jurisdiction or public, through the executive committee or the uniformity committee. Executive committee may give some projects a priority.
- b. Seek project suggestions from the public, legislative bodies
 - i. on a regular basis
 - ii. through established liaisons
- c. “Concept Paper” - developed by the requestor and/or staff identifying:
 - i. Problem to be addressed - is it a current problem or possible future problem?
 - ii. Stakeholders – taxpayer segments, local gov’t, states, federal, other
 - iii. Possible Solutions; pose the pro’s and con’s of each to the extent known
- d. Outreach – handful of subcommittee members gather thoughts from stakeholder groups on need and possible benefits/costs of such a proposal
- e. Establish factors to consider for initiating a new project – (e.g., from ULC
 - i. Desirability (urgency of the problem, need for uniformity on this point, etc.),
 - ii. Practicability (ability to address the problem in a practical way, likelihood of adoption or benefits of education on the topic, etc.)
- f. If project appears worthy, submit it to something similar to a bylaw 7 survey

2. Uniformity Committee Development

- a. Prioritize projects
- b. Establish goals and timelines for each project and the project phases
- c. Three Phases
 - i. Education - gathering additional background information, presentations by subject matter experts
 - ii. Policy Checklist – policy choices in concept
 - iii. Drafting
- d. Invite public Involvement at each phase
- e. Develop capability for tracking completion of goals and timelines for all current and past projects, review regularly and report to executive committee.
- f. Encourage subcommittee members to attend meetings and teleconferences regularly, and to follow-up by keeping their agency administrator informed of the project direction.
- g. Re-energize the “executive committee liaison” concept.

3. Executive Committee Consideration

- a. Consideration for public hearing
 - i. Explain project in non-technical language from the top down.
 - ii. Solicit public input
- b. Hearing

- c. Decision – Send to Commission to consider adoption (with or without amendment), send back to uniformity for further development, table, or discontinue

4. Bylaw 7 Survey

- a. Summary email sent to members for 30 day consideration
- b. Must receive affirmative vote of majority of affected states to proceed

5. Commission Consideration

- a. If passes Bylaw 7 survey, placed on the agenda.
- b. Vote – 60% of members by count and 50% of members by population weight required to pass.

6. State Consideration

- a. Adopted models transmitted to the members
- b. Improve ability to access adopted models, models in process, and related materials
- c. Develop short “summary sheet” describing problem and how model address that problem, possibly Q&A form.