



**Minutes of the Annual Business Meeting
of the Multistate Tax Commission
July 29, 2020**

I. Roll Call of the States

The Chair, Keith Richardson, called the Commission’s annual business meeting to order at 2:01 p.m. A roll call of states present was taken.

Alabama	Matt Tidwell
Alaska	Michael Williams
Arkansas	Deanna Munds-Smith, David Wilson
California	Katie Frank, Lauri McElhatton
Colorado	Brendon Reese, Matt Samuelson, Vance Nielsen, John Armstrong
Delaware	Jennifer Hudson
District of Columbia	Keith Richardson
Idaho	Tom Shaner
Indiana	Christopher Russell, Lawrence Molnar
Kansas	Michael Hale
Kentucky	Richard Dobson
Louisiana	Krystal Bolton
Maryland	Melinda Dunmire
Minnesota	Wendy Conlin
Missouri	Maria Sanders
Montana	Gene Walborn, Shauna Helfert, Keith Broussard, Mark Schoenfeld
New Hampshire	Carollynn J. Lear
New Jersey	John Ficara
New Mexico	Emily Oster
North Dakota	Matthew Peyerl
Oregon	Katie Lolley, Nia Ray, Joseph Royston
Pennsylvania	Anita Conner
Rhode Island	Neena Savage
Texas	Karey Barton, Tommy Hoyt
Utah	John Valentine, Clark Snelson, Frank Hales
Washington	Bryan Kelly, Gil Brewer

Wisconsin	Jayne Kulberg
Multistate Tax Commission	Chris Barber, Holly Coon, Richard Cram, Lila Disque, Cathy Felix, Bruce Fort, Brian Hamer, Helen Hecht, Greg Matson, Thomas Shimkin, Lawrence Shinder, Kim Stewart, Tom Shimkin, Scott Pattison
Bloomberg Tax	Tripp Baltz
Fast Enterprises, LLC	Virgil T. Helton, John Vecchiarelli
KPMG	Shirley Sicilian
Vertex, Inc.	Rachael Lund

II. Initial Public Comment Period and Other Communications

There were no public comments or other communication for the Commission.

III. Approval of Minutes of the Annual Business Meeting Held on August 7, 2019

The minutes of the Commission's annual business meeting on August 7, 2019, in Boise, Idaho, were approved unanimously.

IV. Report of the Treasurer

The proposed budget for 2020-2021 which had been approved by the Executive Committee in April was ratified by the Commission unanimously.

The proposed budget is a "flat" budget: fee levels and expenditures remain the same as the prior year's budget. There is no salary adjustment for Commission staff. In addition, on July 15, 2020, the Executive Committee met again and approved a one-time 10% membership and program fee "credit" for FY2021 to offset costs for participating MTC states. This credit is being provided for out of the Commission's reserves and has no effect on the FY 2021 operating budget as approved.

V. Report of the Executive Director

Greg Matson highlighted MTC staff and program accomplishments contained in his written annual report. He noted that the Commission has closed its Chicago office and the MTC retains only its headquarters office in Washington, D.C. He also highlighted the increase in online training and the focus on the provision of more and better online training, including the implementation of learning management system in the coming fiscal year.

VI. Reports of the Executive Committee and Other Committees

A. Committee Reports

1. Executive Committee

Mr. Matson reported that the Executive Committee met five times from July 1, 2019, to June 30, 2020. These meetings are documented in his written report and the minutes of the meetings. He referred those interested to his written report for additional details.

2. Audit Committee

Chair of the Joint Audit Committee, Frank Hales (Utah), gave the report. The committee met three times during the year to discuss audit issues and oversee the Commission's Joint Audit Program. With the Legal Division, the Joint Audit Program is updating the Commission's income tax audit manual to reflect changes of law and procedure. The Joint Audit Program added ten companies to inventory. It proposed assessments for income tax of \$182 million and \$1.6 million for sales/use tax.

3. Litigation Committee

Chair of the Litigation Committee, Clark Snelson (Utah), gave the report. He thanked staff for having produced quality, online training. He said that doing so has increased outreach to state personnel who might not otherwise have participated. He further noted his satisfaction with the help Commission lawyers provide by filing *amicus* briefs, especially one in a Utah case.

4. Nexus Committee

Vice-chair of the National Nexus Committee, Jayne Kulberg (Wisconsin), delivered the report. The committee met four times during the past year. Collections from the National Nexus Program's voluntary disclosure agreements have increased to \$21 million. The number of contracts increased considerably this year, from 379 to 544.

In the National Nexus Program both the number of contracts and the total revenue produced increased over last year. The committee conducted a survey of state policies whether a passthrough entity must sign one voluntary disclosure contract on behalf of all members or whether each member must sign its own contract. The great majority of states require each member to have a separate contract. The committee instructed staff to reject voluntary disclosure applications when the estimated back-due amount does not exceed \$500.

5. State Intercompany Transactions Advisory Service (SITAS) Committee

Holly Coon, Joint Audit Program Director, delivered the report. The State Intercompany Transactions Advisory Service (SITAS) continues to encourage communication between Committee member states, and other states pursuant to

other information exchange agreements and authorizations. Progression of the Committee was stymied by the COVID-19 pandemic and the exit of Joe Garrett from state service. Joe Garrett was a representative of Alabama and the long-time chair of the Committee. Further activities of the Committee and next steps continue to be discussed.

6. Report of the Strategic Planning Committee

Chair of the Strategic Planning Committee, John Ficara (New Jersey), delivered the report. The last meeting of the Strategic Planning Committee issued a report that is available from the Commission. At the April 28, 2020 meeting the committee began the project of recommending changes and additions to the MTC training programs. A work group was established.

7. Report of the Uniformity Committee

Chair of the Uniformity Committee, Tommy Hoyt (Texas), delivered the report. The committee has focused on two projects. The first project is to draft an alternative to the Commission's combined filing model. The current model applies the *Joyce* method whereas the alternative model applies the *Finnigan* method of apportionment. The second project is to update the statement on P.L. 86-272 as it applies to activities facilitated by the Internet. The committee is also working on a project to assist states in implementing the *South Dakota v. Wayfair* (2018) decision, including provisions for marketplaces to collect the tax, but that project has wrapped up for now. Vice-chair, Maria Sanders (Missouri) will chair the new Standing Subcommittee which will focus on proposed project evaluation and selection.

B. Commission Action on Executive and Other Committee Reports

The Commission approved the Executive Committee's report of its actions during FY2020 and other committee reports upon a motion by Colorado: 13 yes, 3 absent (Hawaii, North Dakota, and Washington).

VII. Unfinished Business

There was no unfinished business to be considered at this meeting.

VIII. New Business

A. Presentation of the Paull Mines Award

MTC General Counsel Nancy Prosser presented the Paull Mines award for contributions to state tax jurisprudence to Clark Snelson. Accepting the award, Clark said that he knew Paull Mines and that he was a mentor and friend whom he will treasure all his life. Utah Commissioner John Valentine said that he knew Paull for many years; that he had a passion for fairness and the rule of law. Participants applauded.

B. Proposed Bylaw Amendments

The Commission unanimously approved amendments to Bylaw 5 regarding voting requirements and voting procedures that the Executive Committee approved in a special meeting on January 15, 2020. The Strategic Planning Committee wanted to increase participation of Sovereignty states. The new system uses a dual majority requirement. An action must be approved by both a majority of the Compact states as well as a majority of Compact and Sovereignty states combined. Voting weighted by population has been rescinded except with respect to the budget.

In approving the changes, the Commission also amended the text of the voting change to Bylaw 5 to add, "ratio of the amount of type of taxes" (underscore is added text) for greater clarity. The committee did not intend to make a substantive change from the text approved by the Executive Committee. The Commission also unanimously approved technical and conforming changes to Bylaws 3, 4, 6, 7, and 13 to comport with the changes to Bylaw 5.

IX. Report of the Resolutions Committee

Staff introduced a slate of honorary resolutions that were not read, but available in written materials. Upon a motion by Karey Barton (Texas), the Commission unanimously approved the resolutions collectively.

X. Report of the Nominating Committee

The nominating committee presented a slate of nominees to fill the officer and at-large positions on the Executive Committee for 2019-2020. There were no nominations from the floor.

XI. Election of Officers and Executive Committee

The Commission unanimously adopted the slate of officers for the 2021 fiscal year.

XI. Report of the Chair

The Chair expressed his hope that the spring committee meetings would be able to be held in person in Alexandria, Virginia.

XIII. Comments by Chair-Elect

There were no further comments from the re-elected Chair.

XIV. Adjournment

The Commission adjourned at 3:23 p.m.