



To: Strategic Planning Committee
From: Gregory S. Matson
Date: November 10, 2022
Subject: Results of Survey About MTC Mission, Vision, Values

The committee decided to do a review of the MTC mission, vision, and values (MVVs) during the next fiscal year at its meeting on April 21, 2022. At each of the standing committee meetings in August, the chair, the deputy executive director, or I discussed this review of MVVs and stated that a short survey would be conducted between the August and November meetings to collect input from state participants in MTC activities. A draft of a survey for this purpose was circulated in advance of this committee's meeting in August, and the survey was discussed, and refinements were made to the survey.

The eight-narrative-question survey was set up using Survey Monkey, and a weblink collector created. An email invitation was sent out with a link to the survey. The email invite (attached after the results) was sent to 668 discrete recipients (not counting staff) using the following MTC email lists (number of discrete recipients in parentheses*):

- Audit Committee (99)
- Nexus Committee (116)
- State Tax Attorneys (368)
- Strategic Planning Committee (15)
- Uniformity Committee (186)
- Associate Members State Contacts (30)
- Compact Members State Contacts (42)
- Sovereignty Members State Contacts (22)

The initial invite was sent on Wednesday, August 31, 2022, and a reminder sent out on Monday, October 3, 2022. We had 40 responses to the survey. This results in a 6% response rate. The completion rate was 100% (anyone who clicked on the link completed the survey).

The complete results are attached.

* These lists total 878 discrete recipients because many appear in multiple lists.

QUESTION 1 (37 Answered, 3 Skipped)

Please list the major challenges you expect the MTC to face in the next three years? (Examples may include specific types of tax policy changes, remote work issues, partnerships, etc.)

remote work issues
Federal - state conformity. OECD conflicts with state tax methodology. Digital currency and digital goods.
Eventually, we'll need tax policy on digital currency.
a. Continued analysis of public law 86-272 for any need to clarify or redefine. b. There could be new challenges if MTC partners with states on international sales tax compliance from companies headquartered outside the United States.
Partnerships and tax policy changes.
I would foresee some potential challenges to include: consolidated company issues in states that have recently accepted consolidated returns without prior approval. I foresee continuing issues with the remote sellers and particularly as it relates to corporate income tax and determining how great a reach each state aspires to.
A uniformity project related to remote work issues and the elective pass-through entity workarounds.
Keeping up with changing business practices and adjusting tax policy to match, this includes push back from external partners and how to support states in adopting uniformity proposals when they are unpopular with industry.
Fraud, partnerships
Pass-through Entity tax variations between states, transfer pricing cases
Nexus requirements for remote workers
State training for partnership audits, brain drain at MTC (and states), ramping up training for the states. remote worker issues and uniform standard recommendations, optics with taxpayers regarding the perceived unfairness of MTC audits. Continue to foster good relationships with the business community similar to the approach Joe Huddleston took a few years ago that also resulted in more MTC members/participants.
receipts from services being manipulated into "nowhere income" consistently
Taxpayers using layering of partnerships to try and conceal transactions.
Striking the right balance between the promotion of uniform and consistent tax policy, and advocating for independent state sovereignty (relative to other states), given the increased challenges of the new economy development (e.g., remote working; taxation of digital economy transactions).
Congress attempting to or passing tax legislation that limits state sovereignty.
Remote work

Nexus division, Voluntary Disclosure Program Manager:
 I suspect most challenges for the MTC's Nexus division would stem from legislative sources and the lack thereof of federalism for which we have seen dwindle in the past decades and now seems to be disappearing right before our eyes. These challenges would greatly limit the MTC's nexus policy influence on federal/state congruency if states' autonomy becomes the norm. Examples being: (1) trends show income tax obligations in most states are being phased out and being replaced with more sustainable modern taxes; (2) the working age populous are now trending toward greater mobility (opting to work remotely); (3) the remote seller has become the new norm, which may affect the historic commerce clause; (4) States are becoming more digitally efficient in handling their taxation revenue/collections issues; and (5) more states may opt out of any type of joint federal/state adjudication agreements where taxpayer leniency concern.

Just keeping up with the corporate world's ever-changing tax planning strategies, while also staying current on state tax law changes. Onsite audits are crucial and are becoming more and more difficult to schedule which I also anticipate will eventually be a challenge.

Special rules for digital economy. Finding employees of quality experience after retirement of 'baby boom' generation.

remote work, sourcing of income, partnership audits, states adopting the MTC partnership model

Partnerships continue to be confusing and will be an issue. Getting records/remote work is a challenge.

Taxation at the pass-through entity level and its impact on state credit for taxes paid to other states.

Nexus as a result of remote workers and determining sourcing of wages for remote workers.

State legislation to make audit assessments at the pass-through entity level, similar the the IRS 2015 BBA partnership audit regime. MTC developed suggested drafting for partnership entity-level assessments when they are referred by the IRS, but the drafting does not address states to assess at the entity level on their own (i.e., without receiving an RAR from the IRS)

It is difficult for the MTC to effectuate changes to each State's individual statute or laws that govern their own taxing regimes. The MTC provides research and support for tax consistency but ultimately can only encourage each State to adopt it.

Partnerships, remote workers

Taxation of Partnerships and digital goods
 Changes to the workforce/aging workforce

Tax policy changes - technology will be a continuing issue as it evolves and changes the way that business is done.

Disclosure and exchange of information issues

Complicated sales/use tax audits involving gray areas associated with electronic products and marketplace facilitators.

Remote work, sales suppression software, Research Activities Credit

cryptocurrency issues
The changing landscape - industry is not thrilled with a lot of the changes, and challenges will arise (like the congressional group looking at Wayfair, court challenges to PL 86-272, etc. I think one of the major ones will be whether taxpayers return to the office full time or not. If tax manager is only in 1-2 days a week, scheduling in person visits becomes more problematic.
I suspect that the ripple effect of Wayfair may continue for some time. In particular constitutional challenges within income taxation, PL 86-272, and how the 10th Amendment comes to bear. Wayfair was a seminal decision that non-state entities are actively seeking to erode. It is important that the states, and the organizations to which they belong, remain vigilant and active in upholding the efficacy of Wayfair.
complex tax issues that ideally call -- at least in part -- for multistate solutions
Remote work issues, e-commerce issues
Continued attacks on the audit program and making records available to auditors. Signing of statute waivers will continue to be an issue.
The development and implementation of a global corporate income tax regime. Taxation of digital products and services. Cryptocurrency transactions. Competition for staff from the private sector

QUESTION 2 (39 Answered, 1 Skipped)

What do you see as the strengths of the MTC?

Collaborative approach, broad network of states, etc.
Combined member experience and MTC staff relationships.
The MTC's strengths are the networking opportunities and that members together are stronger than members separately.
a. MTC is the only intergovernmental tax agency acting as the voluntary disclosure agreement coordinator for companies seeking voluntary compliance with multiple states.
Promote uniformity among the states, perform audits and VDAs on behalf of member states, and provide legal guidance and assist in writing briefs, etc. for states.
Training, subject matter expertise, providing guidance to state on various areas of tax policy.
The legal staff are top notch and produce quality work.
Communication, relevance, supporting uniformity
Sharing of issues encountered and tax policy trends
breadth of exposure, multistate input, experience of staff
Staff knowledge.
The ability to aid in multistate audits and potentially file amicus briefs
Doing multi-state audits. States able to participate in audits that may not have otherwise taken place. States only have so much resources, and MTC may find audit candidates that states did not identify as candidates. Doing combined return audits.

<p>Tax policy analysis. Training/education. Audit and taxpayer compliance support.</p>
<p>That is provides a place and opportunity for the various state's tax employees to meet and collaborate. There's a synergy by combining resources that allows things like training and legal analysis that would be difficult for individual states to reproduce.</p>
<p>Its mission, values, and vision</p>
<p>Flexibility</p>
<p>The Nexus division has been a unique experiment in modern day taxation for over 50 years and counting. I attribute its tenacious strength to the MTC's mission statement—Value and Vision!</p>
<p>They are able to see income tax information as a whole, where we see the information specific to our state. Information sharing with the states during Audit Committee Meetings is a positive too, because if there is an issue in one state, it is likely occurring in other states as well. For S&U taxes, they assist on larger audits with significant volume which helps reduce our work load. The work they do on developing new tax laws is also extremely beneficial, if your state adopts their models. The Audit supervisors are always willing to assist too when asked. They helped us tremendously with training when transitioning to combined reporting.</p>
<p>Ability to draw from the experience of multiple states, and to coordinate efforts among the diverse states.</p>
<p>varied knowledge pool of experiences from different states, strength in uniformity</p>
<p>Extensive knowledge of all participating states.</p>
<p>Organized and efficient. Very intelligent people working to figure our very complex multi-state tax issues. It is crucial that the MTC has work groups that seek feedback and collaboration from multiple sources.</p>
<p>The benefit of having a high level view of all the states taxing statutes and how they compare with the others states and the consistencies and inconsistencies among the states.</p>
<p>High degree of professionalism, the training programs, allowing stakeholders to participate in the process of drafting models</p>
<p>Multiple perspectives Collaboration Resources</p>
<p>Good staff.</p>
<p>Access to resources, ability to handle large multi-state audits, ability to audit larger businesses</p>
<p>Strong core values and adherence to the stated policies</p>
<p>Ability to gain insight from dealing with so many different states.</p>
<p>Collaboration of members thoughts on tax administration</p>
<p>Being able to talk to all participating states and then come up with best practices model regulations that states can then adopt.</p>
<p>The input from their own staff as well as from the states and industry.</p>

Deep knowledge base of the complex issues of taxation and the interplay between federal and state interests.
Unique ability to bring state personnel together to evaluate and address common issues
State to state collaboration to gain uniformity on a wide range of issues facing states. MTC audits are a clear strength. The ability the MTC has to conduct large audits for multiple states addresses a huge need for states dealing with a shortage of resources.
Its ability to provide a unified and expert voice on state tax policy.
MTC continues to be a strong advocate of uniformity in tax laws and policies among the states, and a forum for states to interact and exchange ideas.
E pluribus Unum

QUESTION 3 (30 Answered, 10 Skipped)

Are there areas which the MTC should focus upon more?

None I can think of.
Uniformity at more basic level.
a. Continue to develop the voluntary disclosure agreement program to fulfill the MTC value of excellence.
b. More MTC involvement in state and local tax issues.
More model statutes and rules.
n/a
I wish they did more regarding the revenue impact of various policies.
Timely closure of audits
Training programs. With significant brain drain due to the Great Resignation and retirements, many states are rebuilding their audit programs, including their knowledgebase. MTC should focus on providing opportunities to states for both in-person and remote learning. Maybe an auditor academy with some type of certificate issued at the end.
trying to stop "nowhere income" sourcing for services
Combined return audits.
No suggestions.
Continued flexibility; opportunity for advancement and continued training amongst all staff; increased pay

Both value and vision. Nexus division and VDA program must continue to emphasis and prove to the present or future federal/state/local governmental tax institutions and the taxpayers its continued excellent standard of care when providing/delivering their services. As long as the Nexus division and program can maintain a strong visionary outlook of the trending needs and issues of its customers, they will continue to have success. The nexus division and the VDA program are intrinsically interwoven which can explain the successful longevity of its function within the MTC. It has been proven time after time that when the Nexus division has a strong dedicated leader who can guide and support the needs of the VDA program the VDA program proves to develop a strong commitment and work ethic toward the whole of the Nexus division.

I've tried to attend most roundtables and training classes that have been offered, and I don't think you can ever have enough training. I'd like to see more training classes offered for problem areas.... partnerships, transfer pricing, sourcing issues, combined reporting issues etc. Training is ALWAYS welcomed and helpful. It would also be nice if they were recorded and available on demand to members if they are not already.

Current focus areas on target.

NA

training. the last couple of years have, understandably, been light on training. I'd like to see more classes.

No concerns at this time.

Nonbusiness is continually an area of concern and requires significant fact research. An additional issue is how taxpayers structure their entities with pass thru or holding companies that is confusing and seems to sometimes shift income away from states.

The training is fantastic, I imagine additional training would be well-received

No

Marketplace facilitators and remote sellers are increasingly becoming a bigger issue for most states

I'd recommend starting a disclosure and exchange committee/workgroup where states can compare their own statues surrounding the disclosure/exchange and learn best practices from one another

Is MTC still providing training opportunities? I don't know that I've seen classes recently.

No

Not really.

I would like to see stronger advocacy in Congress. I know that MTC and FTA have been reticent in taking an active role in advocating in congress, but as times have changed perhaps it is time for the two organizations to team up and directly advocate on behalf of states, much as BAC, US Chamber and other business interests. I also think that sooner rather than later, those rights under the 10th Amendment should begin to be evaluated and asserted and applied in matters where congress attempts to infringe on state sovereignty. MTC has the cachet to lend its voice in this area.

Not necessarily.

none
Multistate partnerships

QUESTION 4 (20 Answered, 20 Skipped)

Are there areas which the MTC should focus upon less?

None I can think of.
Increasing tax collections for members.
No
n/a
not sure.
No suggestions.
Requirements to be in the office
None that I can think of at this time.
The Nexus Committee Meetings don't seem to be as helpful as Audit, Legal and Uniformity. The meetings I've attended primarily consisted of reading reports, law changes and statistics, as opposed to offering valuable takeaways like the other committees do.
Not aware of any.
NA
No.
No concerns at this time.
Apportionment seems to be very unique and specific in each state with each states tax laws. Less focus on Section 18 apportionment methods would be preferred.
No
No
No
Not really.
None come to mind at this juncture.
Although it is important to listen to taxpayer ideas of projects the commission should look at, it is important to realize that the commission can only take on so many projects at a time. We need to make sure we don't have too much on our plates (for example the taxpayer presented POA form) when we have other large projects we are working on.

QUESTION 5 (31 Answered, 9 Skipped)

Is there any phrase in the mission statement you would change?

No
No suggestions.
a. Add a bullet point like "Assist states with their state and local tax compliance, education, nexus, and published guidance"
No
n/a
"compact member states and other states that participate..." This is too much detail, just say "states that participate..."
no changes
not sure
No
No changes.
Perhaps add a few words to make clear how the MTC will assist Assist taxpayers in achieving compliance with existing tax laws[.] by....
Not currently
Umm, MTC has survive with the same mission state for over 50 years, I would say it's perfect as it is!
No
Current mission statement is still relevant.
no
No.
No.
The mission statement is clear and well drafted, no changes.
No
No
"Promote uniform, consistent, and sound tax policy and administration among the states." Don't limit to uniformity and consistency.
I agree with the mission statement and would not change any phrase at this time.
No
I agree with the mission statement
No
Not really.
No deletions or additions, but 6 below.
I would add "qualitative" to uniform and consistent in the first bullet.
No
none

QUESTION 6 (31 Answered, 9 Skipped)

Would you change anything to the three bullets in the vision statement?

No
No suggestions.
a. For the first bullet, the word "preeminent" may not be realistic. Possibly say "An organization focused on tax policy development and easing the burden of the taxpayer." b. For the third bullet point, the word "leading" may not be realistic. Possibly say "An important"
No
n/a
No
no changes
May be other areas related to policy development besides just the Uniformity and Nexus Committees) - may want to broaden this statement,
not sure
No
In the first point say: The primary source for state and local tax policy development. Saying the "gold standard" is not as clear and sounds like a cliché.
Not currently
No
I'd change "By 2019, MTC will be recognized as" to "MTC's goal is to be recognized as..." or something similar. Might be better to combine the three bullets into a true Vision Statement? Rather than presenting in a listing like the Values are presented.
No.
no
No.
No.
"Ensuring equitable tax compliance" seems to be unrealistic as the MTC can promote or support equitable tax compliance but cannot in effect ensure it. Also seems at odds with the MTC wanting states to determine their own policies
You also assist states in administering uniform laws
No
"We strive to be recognized as: ..." Less pretentious that "We are recognized as" Eliminate the parentheticals - not appropriate for vision
I wouldn't change any of the bullets in the vision statement.
No
No suggested changes on vision statement
No

Not really.
Perhaps strengthen the 3d bullet point to incorporate/include advocacy before congress.
In number 1 perhaps the bullet should reflect not merely "tax policy development" but also the improvement of existing tax policy (including the reconsideration of such policy).
No
none

QUESTION 7 (29 Answered, 11 Skipped)

Do you believe the vision is realistic? Please explain.

Yes.
Some of the wording is overachieving. See the suggestions in number 6.
Yes. The vision is accurate and realistic because it describes the reputation of the MTC along with its overall vision.
Yes I believe the MTC continues to be at the forefront of Tax policy and making the process of compliance more seamless between States and industry.
Yes, I believe the MTC does or strives to do all of those points. The only issue I have with the statements are that they could be more visionary and future facing, and perhaps a bit shorter to make it easier to remember.
yes,
An increase in training programs will be needed to make this realistic. That would include in-person and remote, and perhaps a revamping of how programs are delivered (e.g., using an LMS).
Yes, based on MTC's focus on tax policy development, and education of, and collaboration with, taxpayers, tax administrations and other stakeholders.
Yes but it is hard to measure. That might need to be a separate question about whether it has been achieved.
Yes
I see the MTC's mission statement as a unique guide that explained the remarkably genius idea of dedicated hard working and honest people. Make note that the message if this statement is crucially relevant in the act of engaging in business today!
Not sure about #2 being realistic because the public never seems to think any tax policy is fair, but I think the goals listed under the Vision are appropriate.
Yes. The MTC and its staff have the depth of experience and established relationships with states to be the preeminent organization for tax policy development and promotion of equitable tax administration.
It may be difficult, if not impossible, to achieve true uniformity among states on certain important tax issues. For example, NY's aggressive COE rule
I wonder if states really utilize the MTC for tax policy development. I don't know that ours does. While the vision might be realistic, I don't know that reality takes advantage of the vision.
Yes, I think it accurately depicts the functionality and vision of the MTC.

The vision is somewhat lofty but the work and effort provided by the MTC is appreciated and very supportive, however the MTC is unable to make a State change it's tax policy.
It seems that there could be tension between the goals of uniformity and local sovereignty.
I do believe the 3rd bullet point is not quite accurate as individual states are not bound by the MTC's recommendations and must take independent actions to implement them
Can't "ensure" equitable tax compliance and administration. A more realistic vision would be to "promote."
Yes I believe the vision is realistic. We all share a common goal of achieving tax compliance and working together, we can achieve more. The MTC has enabled states to communicate, collaborate, and work together to achieve tax policy compliance and development across state borders.
Yes
Yes. MTC is a respected organization nationwide and the vision confirms the MTC would like to continue maintain, or elevate, this stature.
Yes as it represents what the MTC is already doing, so clearly attainable.
It's just that - a vision.
Yes. As the preeminent organization, MTC has had a respected voice in its filing with courts across the country. This type of reputation needs to be extended to include advocacy before congress.
Yes. I think the activities of MTC have generally been in concert with these bullets.
Yes.
yes

QUESTION 8 (29 Answered, 11 Skipped)

Are there any values you would change? Are there values you would like to see added to the values listing?

No
The values are fine.
No, No
n/a
I would change most of them to be more updated. Integrity could be "we do the right thing" Collaboration could be "we value partners views" Excellence could be "we produce quality work" Sovereignty could be "we promote state and local sovereignty" and equity has a different meaning in todays world - I think the current statement is about "equality" or treating everyone the same, whereas equity is about treating everyone the best way for them, which may not be the same as the person next to them.
no changes
After the "avoiding duplicate taxation" bullet point I would add avoiding "nowhere income" sourcing.

No
No.
No
None.
I think Inclusivity should be removed, and Point 1 of this section should be moved to Collaboration and Point 2 should be moved to Integrity
No additions or subtractions. The current values achieves the right balance.
no
No.
No.
The value stating act openly and transparently may not completely accurate as there are many instances when information cannot be disclosed to others due to disclosure issues. It may be best to limit the MTC ability to be transparent as appropriate with disclosure or Federal and State limitations.
No
No
Your values may be to do those things, but it is a bit pretentious to affirmatively state "We conduct..." "We share..." "We provide..." etc. Preliminary wording could be improved.
I wouldn't change any of the values - I agree completely with what has been established. I don't think any additions are needed at this time.
No. Can't think of anything.
No suggested changes
No
Not really.
With regard to "Sovereignty and Equity" I would incorporate applicable portions of this response in numbers 1, 3, 6 and 7 above.
No; looks good.
No
no

INITIAL SURVEY EMAIL INVITATION

From: Scott D. Pattison
Sent: Wednesday, August 31, 2022 12:11 PM
To: Strategic Pln Committee
Subject: MTC Strategic Planning Survey

Purpose of Survey & Background

Several years ago, the Multistate Tax Commission undertook a major strategic planning process. A mission statement was developed, along with a vision, values, and goals for the MTC. An additional important outcome of the strategic planning process was the creation of the Strategic Planning Committee (SPC). The SPC last reviewed the mission, vision, and values in 2019, and their recommended updates were approved by the Executive Committee that same year.

This fiscal year, the SPC is again reviewing MTC's mission, vision, and values (MVVs). The SPC wants to ensure that the MVVs are relevant for the current challenges and situations likely to be faced by the MTC over the next few years.

To help with this process, the SPC is sending out a survey to the people on our email lists for the Commission's standing committees. We would like individuals who participate in the work of the MTC to provide feedback to the SPC as to what possible modifications to the MVVs should be considered at this time. The current MVVs are below in case you would like to refer to them while answering the survey questions. Please take this short survey by Friday, September 16th. Thanks!

<https://www.surveymonkey.com/r/JPGLHK5>

MISSION

The Multistate Tax Commission is an intergovernmental state tax agency consisting of compact member states and other states that participate in and support the Commission's activities.

Our mission is to:

- Promote uniform and consistent tax policy and administration among the states.
- Assist taxpayers in achieving compliance with existing tax laws.
- Advocate for state and local sovereignty in the development of tax policy.

VALUES

Integrity: We conduct ourselves and our activities according to the highest ethical standards, act openly and transparently, and require accountability.

Collaboration: We share our expertise, promote the free and open exchange of ideas and resources, and seek the participation of and input from all stakeholders.

Excellence: We provide the highest level of professional quality in all we do.

Sovereignty and Equity: We promote the authority of state and local governments to determine their own tax policies and administer their tax systems and the equitable treatment of taxpayers through the development of simple, reasonable, and uniform policies and procedures.

VISION

We are recognized as:

- The preeminent organization for tax policy development (as achieved through Uniformity and Nexus Committee projects).
- A respected authority for its knowledge of, educational programs on, and discussion of tax policy and administration (as achieved through MTC training programs and Uniformity, Nexus, Litigation, and Audit Committee projects).
- The leading resource for ensuring equitable tax compliance by taxpayers and equitable tax administration by taxing jurisdictions (as achieved through Uniformity, Nexus, Litigation, and Audit Committee projects, plus the MTC multistate voluntary disclosure and alternative dispute resolution programs).