

MINUTES
Nexus Committee Meeting
Nashville, Tennessee
March 19, 2009
8:30 a.m. - Noon CDT

-- PUBLIC SESSION --

Italicized text indicates a vote, committee action or follow-up item.

A. Welcome and Introductions

- Chairman Lennie Collins convened the meeting. The following committee members and committee staff attended all or in part of the meeting:

First	Last	Affiliation
Chris	Sherlock	Alabama
Christy	Vandevender	Alabama
Danny	Walker	Arkansas <i>(phone)</i>
Joseph	Thomas	Connecticut <i>(phone)</i>
Todd	Lard	COST
Charles	Wilson	District of Columbia
Dan	Hall	Illinois
Peggy	McKinley	Louisiana
Paul	Harper	Missouri <i>(phone)</i>
Joe	Huddleston	MTC
Ted	Jutras	MTC
Michelle	Lewis	MTC <i>(phone)</i>
Greg	Matson	MTC

First	Last	Affiliation
Thomas	Shimkin	MTC
Antonio	Soto	MTC <i>(phone)</i>
Rebecca	Abbo	New Mexico <i>(phone)</i>
Lennie	Collins	North Carolina
Darrell	Engen	North Dakota
Janielle	Lipscomb	Oregon
Bruce	Christensen	South Dakota
Joan	Cagle	Tennessee
Hermi	Nanez	Texas <i>(phone)</i>
Mike	Christensen	Utah <i>(phone)</i>
Shelley	Robinson	Utah <i>(phone)</i>
Andrew	Glancy	West Virginia
Rick	DeBano	Wisconsin

The committee approved the minutes of its November 2008 meeting as presented.

B. Mr. Collins solicited public comments; there were none.

Executive Director Joe Huddleston addressed the committee. He said that participation in the Commission's committees is critical, even during the current budget environment. Mr. Huddleston praised the work done by the Nexus School's instructors (Messrs. Shimkin and Laskin of the Commission staff and Bob Glidden, retired from Colorado DOR). He noted that Nexus School receives consistently high marks from students.

C. Mr. Soto discussed Nexus Schools. He reported that:

- The Nexus Program ran two Nexus Schools since the November meeting: Olympia and Baton Rouge.
- There are two upcoming Nexus Schools planned: Little Rock and Topeka. There have also been discussions about holding a Nexus School in the DC area the week of December 7, which will be hosted by the Commission rather than by a member state.

Mr. Shimkin discussed the DC Nexus School. He pointed out that this option would be more cost-

effective since staff would not have to travel, and that it does not burden a state, as none is asked to host.

D. Mr. Shimkin gave the Committee an update on the status of the voluntary disclosure information technology upgrade. Revenue Solutions, Inc (RSI) was contracted to perform the work designated as "Phase I" which includes the creation of a new database and related user-interface software, the transfer of all data from the old database to the new platform, and the building of an online form which taxpayers will use to apply for voluntary disclosure.

Mr. Shimkin provided a review of the online application form, and informed the Committee that the form was almost ready for public use. Mr. Shimkin outlined the Commission's plans for Phase II of the project, which would allow for secure access to information in the database for state and taxpayer representatives, and would allow for secure communication between all three parties. He said that there are no plans to develop Phase II at this time due to the budget situation. Mr. Matson said that the Commission would like to complete it in the future when budgets allow, perhaps as part of a larger project that would create some economy of scale.

Mr. Matson mentioned that the Technology Committee reviewed the online application form yesterday and that committee members were pleased. He suggested that a way of sending the log-in information to the tax representative would be useful.

VOLUNTARY DISCLOSURE Financials

- Mr. Shimkin discussed the state of back-taxes collected.
 - To date in fiscal year 2009 (as of February 26) the National Nexus Program collected back tax of \$5,340,441. This number was slightly lower than it had been in the past two years, but would likely rise due to late-arriving data. Mr. Shimkin also mentioned that a few larger cases that the MTC was handling would likely lead to stronger fiscal year end numbers.
 - In calendar year 2008 the National Nexus Program collected back tax of \$14,525,696. This is the highest calendar year total in the Nexus Program's history to date.
- Ms. Robinson commented that voluntary disclosure is difficult to find on the MTC website. She suggested putting a link on the side of the main Nexus web page.

VOLUNTARY DISCLOSURE Guidelines

Mr. Shimkin gave an overview of the goals of the voluntary disclosure guidelines project.

Mr. Lard spoke about the importance of the guidelines from a taxpayer's standpoint, pointing out that greater uniformity would make taxpayers more confident in the process and thus more willing to enter into voluntary disclosure.

Mr. Collins led the discussion of past changes and proposed changes to the guidelines.

Mr. Shimkin gave an overview of all changes made since the last meeting (see meeting materials for markup). Mr. Shimkin cautioned that, while the guidelines are proposed in order to create uniformity, it is understood that uniformity will not be perfect.

- § 15: Mr. Sherlock suggested addition of a sentence to § 15.1 to state that correspondence from a state for purposes of state contact is deemed received when sent. The committee agreed.
- Mr. Hall suggested changing "contact" in § 5.2 and elsewhere to "state contact" to maintain consistency. The committee accepted Mr. Hall's suggestion (§§ 5.2, 15.1, and elsewhere as

appropriate).

- Mr. Lard sought clarification as to whether § 15.1 (definition of state contact) applies to anything beyond the nexus questionnaire. For example, does it also apply to assessments? Mr. Shimkin said that by his reading it applies more broadly than just to nexus questionnaires.
- Mr. Collins raised the issue of whether all members of a unitary group and all affiliated entities are protected when one member of a group or an affiliated entity enters voluntary disclosure. The committee considered the matter at length. Mr. Lard opined that to deem an entire unitary or affiliated group ineligible for voluntary disclosure on account of contact with a single member seemed overly broad.
- §20.3: Mr. Hall suggests that we add a parenthetical “unless authorized by the taxpayer”. The committee agreed.

Mr. Collins requested that the MTC staff make applicable changes to the proposed guidelines and send the revisions out to the states. He asked states to note any areas with which they *cannot* comply.

BAT Legislation

Mr. Shimkin declined to speak about this issue due to time constraints, but directed members to the meeting materials.

Frequency of Meetings and Remote Access to Closed Session

Mr. Shimkin mentioned that the Commission, with help from Technology Committee, is looking into secure telecommunications with the goal of allowing remote attendance to closed sessions at future meetings.

Mr. Matson said that the Commission was considering a trial run of such technology at the upcoming Executive Committee Meetings.

Mr. Collins mentioned the possibility of holding fewer Nexus Committee Meetings in the future – possibly reducing the number to two annually. Citing the need to discuss some related issues in Closed Session, and having received permission to speak on behalf of Utah, Mr. Collins postponed this discussion until after the Closed Session.

The Committee moved to closed session then reconvened in open session.

Mr. Collins resumed discussion of the frequency of future Nexus Committee meetings. He relayed a conversation with Ms. Robinson of Utah. While Utah will not be able to attend meetings in the near future, it still believes there should be three meetings each year.

Mr. Shimkin stated said that in his opinion two meetings per year would be sufficient.

Mr. DeBano said that he offered no view on the matter other than to suggest that meetings be roughly six months apart if the Commission changes to a semiannual meeting schedule. The committee consensus seemed to support this view. Mr. Collins concluded that the committee consensus was that semiannual meetings would be appropriate. There was no further discussion on this subject.

The committee adjourned.