



MULTISTATE TAX COMMISSION

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To: The Commission
From: Bryan Kelly, Nexus Committee Chair
Re: Nexus Committee Activities in FY 2023
Date: July 26, 2023

Nexus Committee Report for FY 2023

The Nexus Program results for FY 2023 (July 1, 2022 through June 30, 2023) are provided below.

- Nexus states' collections: \$25,847,276 (\$28,337,506 FY 2022)
- Nexus states' executed agreements: 391 (493 FY 2022)
- Nexus states' average contract value: \$66,103 (\$57,480 FY 2022)

The above amounts paid by the taxpayer directly to the states and reported to the Commission. The Commission received applications from 161 taxpayers in calendar year 2022. For calendar year 2023 to date (as of June 30, 2023), 99 taxpayers have so far applied. Most of the applications are based on sales/use tax economic nexus.

The Nexus Committee met in person in open and closed session on August 1, 2022 in Anchorage, Alaska, on November 16, 2022 in Little Rock, Arkansas, on April 26, 2023 in Long Beach, California, and on July 24, 2023 in Austin, Texas.

The Committee considered at the August 1, 2022 meeting: Clinton Singletary, Program Director, Alaska Remote Sellers Sales Tax Commission (ARSSTC), provided an overview of the ARSSTC, which was established after *Wayfair* to allow local governments in Alaska that have imposed local sales taxes to join the ARSSTC in order establish sales tax economic nexus pursuant to its provisions for centralized administration. Richard Cram presented an explanation of cryptocurrency and identified tax guidance concerning cryptocurrency that the IRS and a few states have published. Norm Hannawa, Chainalysis, gave a presentation on information publicly available on cryptocurrency transactions and audit techniques that can be used to

glean data from that information useful for tax compliance purposes. The Committee completed its annual review of the Nexus Program Charter. The meeting was well attended with 44 in-person attendees and 55 virtual attendees.

The Committee considered at the November 16, 2022 meeting: Renee Roberie Executive Director of the Louisiana Sales and Use Tax Commission for Remote Sellers, gave a virtual Powerpoint presentation providing the background for and an overview of the operations of the Commission, which was established after *Wayfair* to encourage and facilitate centralized administration of Louisiana local sales and use taxes from remote sales. Dan Vinson, Assistant Director, Taxpayer Services, on Tennessee Department of Revenue's outreach and taxpayer education program, gave a Powerpoint presentation and described the Department's comprehensive program to educate the taxpayer community on Tennessee tax law compliance, involving both in-person presentations and webinars that are recorded and available on the Department's website. Richard Cram reviewed proposed changes to the MTC Multistate Voluntary Disclosure Program (MVDP) Procedures, which had not been previously revised since 2012, in order that they reflect how the MVDP is currently operating in an all-electronic environment. The Committee voted unanimously to approve the proposed changes. The meeting was well attended with 66 in-person attendees and 93 virtual attendees.

The Committee considered at the April 26, 2023 meeting: Richard Cram gave a Powerpoint presentation on remote worker nexus, reviewing the New York "convenience of the employer" rule and pending Ohio court cases challenging the constitutionality of municipal income taxes imposed on remote workers. The meeting was well attended with 76 in-person attendees and 72 virtual attendees.