

Report of the Audit Committee and Audit Program

**Multistate Tax Commission
2025**

**Frank Hales, Chair, MTC Audit Committee
Michael Williams, Vice Chair, MTC Audit Committee
Holly Coon, Director, MTC Joint Audit Program**

The following report reflects the activities of the MTC Audit Committee and the Audit Program for the 2025 fiscal year ended June 30, 2025.

*** AUDIT COMMITTEE ***

The Audit Committee met three times in fiscal year 2025. The committee's first meeting of the fiscal year was held on July 29, 2024, in Denver, Colorado. There were 122 members, guests and staff present during the public session and 108 members and staff present during the closed session of the meeting. There were 12 members of the public present during the public session, and there were 97 individuals representing 29 audit program states present during the closed session of the meeting.

The audit committee's second meeting in fiscal year 2025 was held on November 20, 2024, in Santa Fe, New Mexico. There were 161 members, guests and staff present during the public session and 116 members and staff present during the closed session of the meeting. There were 10 members of the public present during the public session and there were 94 individuals representing 29 audit program states present during the closed session of the meeting.

The third and final meeting of the fiscal year was held on April 30, 2025, in Spokane, Washington. There were 116 members, guests and staff present during the public session and 108 members and staff present during the closed session of the meeting. There were 4 members of the public present during the public session, and there were 83 individuals representing 25 audit program jurisdictions present during the closed session of the meeting.

During each meeting, the committee received an update on the progress of open audits. In the summer and spring meetings, the committee received SALT case updates from MTC legal staff. In November, MTC legal staff provided a presentation on Global Intangible Low-Taxed Income (GILTI) issues.

The audit committee will meet for the first time in fiscal year 2026 on July 21, 2025, during the MTC annual meetings which will be held in Salt Lake City, Utah.

*** AUDIT PROGRAM ***

1. Productivity

The Joint Audit Program completed four (4) income tax audits and parts of eight (8) other income tax audits in 2025 fiscal year. Audit program staff also completed two (2) sales tax audits and parts of seven (7) other sales tax audits during the year. Currently, there are fifteen (15) income tax audits and nineteen (19) sales tax audits in progress.

During the fiscal year, the income tax program proposed net assessments of \$324,381,447 for completed and partially completed income tax audits. Income tax program staff also proposed NOL and tax credit reductions of \$19,264,619. The sales tax program proposed net assessments of \$3,876,992 for completed and partially completed sales tax audits.

2. Staffing

The Joint Audit Program has experienced an unusually high number of staffing changes during the 2025 fiscal year.

Sales Tax Program: Kim Stewart resigned early July 2024. Ben Chiu and Sonya Farmer joined the sales tax team in early March. In April, Sonya requested to transition to a part-time schedule with the Commission, which was approved on an experimental basis. Ben decided to return to Texas in June 2025. Kylie Chamblee and Michael Bontrager joined the sales tax audit team in June 2025. Kylie previously worked for the Arkansas Department of Revenue, while Michael rejoined the Commission after several years in the public sector. He had previously served as a sales tax auditor with the Commission.

Income Tax Program: Ruth Kuvakas joined the income tax audit team in August 2024, bringing experience from the Vermont Department of Taxes. In October, Sal Tomaselli also joined income tax audit team. He previously worked with the Missouri Department of Revenue. Both Ruth and Sal have several years of experience working with multi-state corporate income tax.