



To: Executive Committee
From: Gregory S. Matson
Date: May 1, 2025
Subject: Report of the Executive Director

This report is a summary of the Commission’s organizational and staff activities for the first three quarters of fiscal year 2025, July 1, 2024, through March 31, 2025, unless otherwise noted.

I. Programs & Activities

A. Joint Audit Program

The Joint Audit Program completed three income tax audits and parts of eight other income tax audits. Audit program staff also completed one sales tax audit and parts of five other sales tax audits. Currently, there are sixteen income tax audits and twenty sales tax audits in progress.

The income tax program proposed net assessments of \$244,467,199 for completed and partially completed income tax audits. Income tax program staff also proposed NOL and tax credit reductions of \$18,343,262. The sales tax program proposed net assessments of \$2,954,833 for partially completed sales tax audits.

The following chart summarizes hourly data for completed audits during the first three quarters of the 2025 fiscal year:

	Income & Franchise	Sales & Use	Total
Total Audits	3	1	4
Total States Audited	69	8	77
Total Hours	12,646	2,656	15,302
Average Hours per State	183	332	198

Mississippi joined the Multistate Joint Audit Program for income tax audits.

B. National Nexus Program

The National Nexus Program results through the third quarter of FY 2025 (July 1 – March 31, 2025) are provided in the following table:

		Previous FY (2024) Totals
Collections	\$16,232,715	\$28,743,260
Executed Agreements	301	494
Average Contract Value per State	\$53,929	\$58,185

The above amounts include amounts paid by the taxpayer directly to the states and reported to the Commission.

Mississippi joined the National Nexus Program.

Program Director Richard Cram has had three articles published *Tax Analysts Tax Notes State*—

- The first is entitled “Credits: Cure for Use Tax Apportionment” in the September 16, 2024, issue of *Tax Analysts Tax Notes State*, vol. 13, number 12, p. 767. The article critiqued the petition for certiorari to the U.S. Supreme Court in *Ellingson Drainage, Inc. v. South Dakota Department of Revenue*, Docket No. 23-1202, which was denied on October 7, 2024.
- The second is an article entitled “H.R. 8021: More Pre-emption of State Taxing Authority” for publication in the November 11, 2024, issue of *Tax Analysts Tax Notes State*. The article raises concerns with H.R. 8021, a proposed amendment to P.L. 86-272 introduced in Congress in April 2024.
- The third article is entitled “*Zilka*: Invitation to Micromanage State and Local Taxes Declined,” in the April 14, 2025 issue of *Tax Analysts Tax Notes State*. The article discusses the uncertainty concerning how to apply the internal consistency test when state and local taxes are the subject of a claim of discrimination against interstate commerce, after the Court’s recent denial of certiorari in *Zilka v. Tax Rev. Bd.*, 304 A.3d 1153 (Pa. 2023) and earlier denial in *Matkovich v. CSX Transportation, Inc.*, 793 S.E.2d 888 (W. Va. 2016), *cert. denied*, 583 U.S. 816 (2017).

C. Legal Staff

In addition to the activities described below, lawyers on the legal staff —

- Staff the Uniformity and Litigation Committees;
- File amicus briefs on behalf of the Commission;
- Oversee the MTC Alternative Dispute Resolution Program established and governed by Bylaw 14;
- Speak at conferences and seminars; and

- Oversee the annual Paull Mines Award, which the Litigation Committee established to recognize contributions to state tax jurisprudence by public-sector attorneys.

Uniformity Work

The Uniformity Committee submits a separate report to the Executive Committee detailing the status of projects undertaken by that committee. The uniformity counsel and other lawyers on the legal staff support the committee, standing subcommittee, and uniformity work groups in a variety of ways, including providing counsel, performing research, drafting reports and other documents related to the uniformity process, and making and organizing presentations and training, as directed.

Litigation Committee Support

To ensure that interested state attorneys are aware of Litigation Committee programs and other MTC programs that may be of interest to them, and to identify attorneys that may be a resource to attorneys in other states, lawyers on the legal staff update and expand the Litigation Committee attorney roster, which includes more than 400 attorneys across all states, plus the District of Columbia and one U.S. territory. Lawyers on the legal staff also work with Litigation Committee leadership to organize attorney training programs in conjunction with the MTC's spring and fall in-person meetings and organize virtual training and information sharing opportunities throughout the year.

Training

The legal staff provides a combination of in-person and online training programs for state attorneys and other state tax personnel. After a multi-year effort, the Commission has an established CLE policy and dedicated webpage that helps attorneys claim CLE credits in many states.

On December 11, 2024, MTC Counsel Jonathan White and Jenn Stosberg, along with MTC Audit Supervisor Larry Shinder and multiple state presenters, presented a free, virtual ethics program, "MTC Ethics Extravaganza 2024" attended by over 350 state tax employees that provided two hours of CLE and CPE training.

Legal staff organized an online "Tax Talk" on April 2 entitled "An Examination of the Federal Tax on Global Intangible Low Taxed Income (GILTI) and the Relevance of GILTI to States." Close to 400 state tax employees registered for the program. The program was designed to satisfy most state requirements for CLE/CPE course credit.

Litigation Support and Legal Advice

The legal staff regularly consults with state attorneys and other state representatives, by request, on litigation matters, including strategy, issues, arguments, and by serving as expert witnesses. Lawyers on the legal staff also work on legislative and policy issues on request, including review of draft legislation, assistance to implement MTC model laws and other guidance, and providing testimony on SALT issues.

During the reporting period, legal staff provided litigation support and legal advice to the following states:

- Alabama
- California
- District of Columbia
- Florida
- Hawaii
- Massachusetts
- Maryland
- Montana
- Oregon
- Pennsylvania
- Rhode Island
- Utah

Support for the Commission's Programs and Projects

Legal staff support the Commission's Multistate Joint Audit and National Nexus Programs, and other Commission programs and projects, as requested. For example, at each in-person Audit Committee meeting MTC counsel provide a court case update. MTC counsel also provide support for the Commission's general administration by addressing open meetings issues; maintaining confidentiality policies; handling records requests; researching and making recommendations for record retention policies; reviewing and drafting contracts; and filing corporate registrations and reports.

Amicus Briefs Filed on Behalf of the Commission

Jim Hudson, In His Official Capacity as Secretary and Director of The Arkansas Department of Finance and Administration v. Murphy Oil USA, Inc., Case No. CV-24-8. The central issue in this case was whether the debt (and resulting interest payments) incurred by the taxpayer to fund a spinoff from its corporate parent should be treated as "business" expense or "non-business" expense. The MTC filed a brief supporting the state's position and providing context on the history of UDITPA and the value of uniformity.

Legislative Tracking and Newsletter

Legal staff track state and federal bills that address primarily income, franchise, and sales and use taxes and that relate to the Multistate Tax Compact or core MTC programs and uniformity initiatives and issues periodic newsletters. Any public sector tax administrator or attorney may sign up to become a subscriber.

Advisory Boards & Publications

Commission Counsel Lila Disque serves on Law360's State & Local Tax Editorial Advisory Board. Uniformity Counsel Helen Hecht is a member of the State Tax Notes Advisory Board and submits periodic "board briefs" on various topics. She also serves, along with Operations Officer and Counsel, Chris Barber, on Bloomberg Tax's State Tax Advisory Board, which helps that platform expand and improve its state tax content and analysis. Chris also serves on the Bloomberg Pass-Through Entity Navigator working group.

D. Training and Events

Training is an important focus for many of the Commission's staff, across program and staffing areas. Staff are continuing to develop content for and utilize the new virtual learning platform (LMS) with increased capabilities and options.

The new Learning Management System (previewed during meetings in July) was finally launched with three initial longform courses —

- Federal Partnership Taxation: Basics for State Tax Administrators
- Introduction to Corporate Income Tax
- Market Based Sourcing

The new platform — found at <https://learning.mtc.gov/> — has several features that will modernize the Commission's training offerings. Users can now enroll themselves into courses and make payment directly on the platform. We also now have the flexibility to provide courses in almost any format.

In January 2025, the MTC conducted a training—Taxation of Partnerships for State Tax Administrators—in New Orleans, Louisiana. The training was for two-and-a-half days and was attended by 82 state tax administrators and attorneys general. It covered the basics of partnership taxation and how the federal pass-through system affects state taxation. The training was also recorded, and the materials, recordings, and notes are provided to the attendees on the MTC learning management system (LMS).

In March 2025, the MTC held an in-person statistical sampling training in Sioux Falls, South Dakota, that was attended by 15 participants. Two Nexus Schools are scheduled to be held soon, one in Chelsea, MA on May 6-7, 2025, and one in Concord, NH on June 10-11, 2025.

In addition to the LMS and course development, the training and event staff have been setting up virtual event and meeting registrations, performing back-end support, and providing real-time support to various online and in-person events and meetings.

II. Staffing & Administration

Deputy Executive Director Scott Pattison resigned in August to become director of tax research and policy at the Federation of Tax Administrators.

Online Learning Specialist Susan Carlson left the Commission's staff in August.

Auditor Ruth Kuvakas joined the Commission staff in August.

General Counsel Nancy Prosser resigned near the end of September to explore possible retirement or other opportunities after a well-deserved, European vacation.

Auditor Salvatore Tomaselli joined the Commission staff in October.

Hayes R. Holderness, professor of law at University of Richmond School of Law, began a sabbatical in October and is spending some of that time with the MTC to gain exposure to the workings of the Commission.

Lila Disque, who had been deputy general counsel and has been an integral part of the staff since 2012, was named commission counsel, a new position analogous to the vacant general counsel position but without supervisory responsibilities.

Chris Barber was named to the new role of Operations Officer and Counsel in March. In addition to retaining some of his legal responsibilities, Chris will work with the executive director to oversee operational functions.

Brian Hamer, who previously led a distinguished career as the head of the Illinois Department of Revenue and has also been with the Commission since 2018, was promoted to senior counsel in March.

Auditor Sonya Farmer joined the Commission staff in March.

Auditor Ben Chiu joined the Commission staff in March.

David Merrien, previously bureau chief of the audit and pass-through bureau at the Montana Department of Revenue, was hired as a tax specialist in April.

III. Outside Presentations & Events

The executive director serves on the Hartman State and Local Tax Forum advisory board, the New England State and Local Tax Forum advisory board, and New York University's State and Local Tax Institute advisory board.

The following are the programs, conferences, and other events of *outside* organizations at which members of the staff represented the Commission:

JULY 2024

- Southeastern Association of Tax Administrators Conference; *Top Income Tax Issues of 2024* (Stosberg, presenter), *Taxing Pass-Through Entities Panel* (Stosberg, presenter), *Economics Update* (Pattison, presenter); Louisville, Kentucky
- CPAAcademy Webinar; *Nexus Basics and the MTC Multistate Voluntary Disclosure Program* (Cram, presenter)

AUGUST 2024

- FTA Technology Conference; Milwaukee, Wisconsin (Lane, attendee)
- NCSL Executive Committee Task Force on State and Local Taxation, Louisville, Kentucky (Prosser, attendee)
- Northeastern States Tax Officials Association Conference; *Pass Thru Entities Update* (Barber, presenter), *Top Income Tax Issues for 2024* (Barber, presenter); Boston, Massachusetts (Coon, attendee)

- CPA Academy Webinar; *Mastering Multistate Sales and Use Tax Compliance: Navigating New Collection Law* (Cram, presenter)
- *United States Supreme Court Update*, Joint Webinar by FTA and MTC attorneys (Fort and Prosser, presenters)
- Washington States Tax Forum; *Digital Products Presentation* (Hecht, presenter); Pullman, Washington

SEPTEMBER 2024

- Kansas Bar Association Fall 2024 Estate Planning CLE Lawlawpalooza: *Update on Federal Litigation and Legislation* (Disque, presenter)
- Council on State Taxation Annual Meeting; *The State Taxation of Partnerships – MTC Project* (Hecht, presenter); St. Louis, Missouri
- ABA Tax Section Fall Meeting; St. Louis, Missouri (Barber, participant)
- Midwestern States Association of Tax Administrators Conference; *Top Income Tax Issues for 2024 From a Government and Private Perspective* (Barber, presenter), *State Taxation of Partnerships and Pass-Through Entities* (Barber, presenter); St. Louis, Missouri (Cram, attendee)

OCTOBER 2024

- COST Mid-Atlantic Regional State Tax Seminar; *What's New at the MTC and FTA* (Matson, presenter); McLean, Virginia
- Taxpayers Federation of Illinois State & Local Tax Conference; *Tax Policy, Tax Administration, Tax Process: Do Taxpayers and Tax Collectors Have a Different Perspective* (Hamer, presenter); Rolling Meadows, Illinois
- Streamlined Sales Tax Governing Board Meeting; *Loper Bright and Implications* (White, presenter); Charlotte, North Carolina
- Virginia Bar Association Tax Practitioners Roundtable; *The Multistate Tax Commission and its Current Uniformity Projects* (Hecht and Matson, presenters); Charlottesville, Virginia
- Western States Association of Tax Administrators Conference; *Top Business Income Tax Issues from a Government and Private Sector Perspective, Western States Association of Tax Administrators* (Hecht, presenter); Palm Springs, California (Matson, attendee)
- Paul J. Hartman State and Local Tax Forum; *SALT Audit Controversy Management – From Audits to Settlements and Everything In Between* (Coon, presenter), *Top Ten Income Tax Cases to Watch: Nothing Trivial Here* (Fort, presenter), *Economic Nexus and More* (Hamer, presenter); Nashville, Tennessee

November 2024

- NCSL Fiscal Institute Symposium, Nashville, Tennessee (Hamer, attendee)

December 2024

- NYU 43rd Institute on State and Local Taxation, *Just Passing Through: Notable Developments Affecting the Multistate Taxation of PTEs* (Stosberg, presenter); New York, New York

- FTA Compliance Workshop, *Lessons from the States' Responses to the TCJA— and What Happens Next* (Fort, presenter), *Transfer Pricing: Why it's more important than ever for State Agencies* (Barber and Coon, presenters), *Partnership Audits* (Barber and Shinder, presenters), *Digital Advertising Gross Revenues Tax* (Hecht, presenter); San Antonio, Texas
- FTA Commissioner Summit and Board Meeting; *MTC Update* (Matson, presenter); San Antonio, Texas

February 2025

- *The MTC and UDITPA*, virtual presentation to Tulane University School of Law State and Local Taxation Course (Fort)

March 2025

- *MTC Update*, virtual presentation, NYU School of Professional Studies State Tax Study Group (Matson)

April 2025

- *MTC National Nexus Program Update & Nexus Law Developments*, virtual presentation, NYU School of Professional Studies State Tax Study Group (Cram)