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# State of New Hampshire Department of Revenue Administration

109 Pleasant Street  
PO Box 457, Concord, NH 03302-0457  
Telephone 603-230-5005  
www.nh.gov/revenue



John T. Beardmore  
Commissioner

Lindsey M. Stepp  
Assistant Commissioner

July 18, 2016

Her Excellency, Governor Margaret Wood Hassan  
And The Honorable Council  
State House  
Concord, NH 03301

### REQUESTED ACTION

Authorize the Department of Revenue Administration to **retroactively** pay a membership fee to the Multistate Tax Commission (MTC), Washington, D.C. (Vendor #169708) for membership in the Nexus Program as an Associate Member in the amount of \$12,481 effective July 1, 2016 through June 30, 2017. **100% General Funds**

Funding is available in the following account:

**01-84-84-840051-1301-0230500251, AUDIT, DEPARTMENT OF REVENUE ADMINISTRATION**

**026-500251 Membership Fees                      FY 2017                      \$12,481.00**

### EXPLANATION

The MTC is an intergovernmental state tax agency that works on behalf of state tax agencies and taxpayers in several ways, depending on membership level and program enrollment. Each state is automatically an Associate Member, with any prior involvement with the MTC, with no fee. New Hampshire is an Associate Member. There are two higher levels of membership, and options to join two types of programs (Nexus and Audit), regardless of membership level. This request is for the fee of the Nexus Program, and not any higher membership status. As a participant in the Nexus Program, the agency will be able to participate in reviewing national research as well as participate in the MTC Voluntary Disclosure (VD) Program. Through the MTC VD program, taxpayers are able to work with several states at once to disclose their tax liability within specific terms. Additional, as a National Nexus Program participant, a discount is offered on training programs for state tax auditors.

Listed below are answers to standard questions required for Governor and Executive Council organization dues and membership approval submissions:

TDD Access: Relay NH 1-800-735-2964

*Individuals who need auxiliary aids for effective communication in programs and services of the Department of Revenue Administration are invited to make their needs and preferences known to the Department.*

1. How long has this organization been in existence and how long has this agency been a member of this organization?

*The organization has been in existence since 1967 and the agency has been a member since at least 1994 as an Associate Member. The National Nexus Program was founded in 1990 and New Hampshire has been a National Nexus Program member intermittently in the past, continuously since 2013.*

2. Is there any other organization which provides the same or similar benefits, which your agency belongs to?

*No.*

3. How many other states belong to this organization that provides either the same or similar benefits?

*At various membership levels, 48 states are members of the MTC. Thirty-seven states participate in the National Nexus Program.*

4. How is the dues structure established? (Standard fees for all states, based on population, based on other criteria, etc)

*Standard fee for all states, based on population, based on other criteria. National Nexus Program Fees are apportioned among the participating states according to a formula whereby 60 percent of the costs are divided on an equal basis and 40 percent on the basis of relative shares of state tax revenues of participating states. As an Associated Member, the agency would also pay an additional 20 percent general operations support fee (included in the amount requested). Fees are capped so that no state pays for more than 5 percent of total program fees.*

5. What benefit does the state receive for participating in this membership?

*The state will benefit from participating in the National Nexus Program through taxpayer disclosure of tax obligations, the participation in nationwide nexus discussions, and the access to discounted training for tax auditors.*

6. Are training or educational/research materials included in the membership? If so, is the cost included? Explain in detail.

*No. Participation in the Nexus Program affords the agency discounts in training programs, but the training program must be enrolled in, and require a separate fee.*

7. Is the membership required to receive any federal grants or required in order to receive or participate in licensing or certification exams? Explain.

*No.*

8. Is there any travel included with this membership fee? Explain in detail any travel to include the number of employees involved, number of trips, destination if known and purposes of membership-supported trips.

*No.*

9. Which state agency employees are directly involved with this organization?

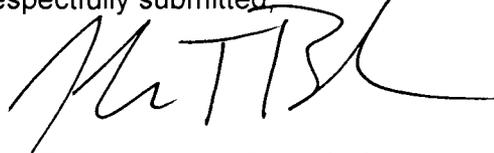
*The agency as a whole is considered a member. Likely direct communications will occur with: John Beardmore, Commissioner; Kathleen Sher, Director of Audit and Kerrin Rounds, Assistant Director of Audit.*

10. Explain in detail any negative impact to the state if the agency did not belong to this organization.

*The agency will not receive any additional revenue from the taxpayers that conduct a VD through the MTC.*

**Source of funds: 100% general funds.**

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'John T. Beardmore', written in a cursive style.

John T. Beardmore, Commissioner



**MULTISTATE TAX COMMISSION**

*Maximizing the synergies of multistate tax cooperation*

444 North Capitol St., NW  
Suite 425  
Washington, DC 20001-1538  
Telephone: 202.650.0300

[www.mtc.gov](http://www.mtc.gov)

July 1, 2016

John T. Boardmore  
Commissioner  
New Hampshire Dep't of Revenue Administration  
P.O. Box 457  
109 Pleasant Street  
Concord, New Hampshire 03301

Dear Commissioner Boardmore:

*John*

Enclosed with this letter is the annual invoice for the Multistate Tax Commission's Nexus Program fee for FY 2017. The amount contained in this invoice is based on the fees as approved by the MTC Executive Committee during its meeting on May 12, 2016. Audit fees will be invoiced later in the fiscal year in accordance with the audit services agreement between your state and the Multistate Tax Commission.

The Executive Committee approved that the Audit Program base audit fee for FY 2017 be set at a level that is 2% higher than the FY 2016 base audit fee. The total Nexus Program fee for FY 2017 remains unchanged from the FY 2016 fee level.

While amounts returned can vary year to year and state to state, this year looks to be a productive one for the Joint Audit and National Nexus Programs. For FY 2016 (up through the ten months ended April 30th) recommended assessments by the Audit Program for participating states exceeded \$64,200,000 and collections for states participating in the Nexus Program exceeded \$17,800,000 (the amount collected by the National Nexus Program does not include interest on the back taxes collected or the ongoing value of future taxpayer compliance).

This letter describes briefly the fee structure of the Commission. **If you have any questions or need more information on this subject or our activities, please contact me.**

The nexus fees are distributed among that program's states according to a formula whereby 60% of the fees are divided on an equal basis, and 40% on the basis of relative shares of state government revenues obtained from the Bureau of the Census. States other than Compact or Sovereignty Members also pay an additional 20% general operations fee.

Again, if you have any questions or need any more details concerning these fees or the services they support, do not hesitate to contact me.

Best Regards,

A handwritten signature in black ink, appearing to read 'G. Matson', is written over the typed name and title.  
Gregory S. Matson  
Executive Director

Encl



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July 1, 2016

STATE OF NEW HAMPSHIRE

**INVOICE**

Fiscal Year: July 1, 2016 through June 30, 2017

MTC Membership Assessment	\$0
Audit Program Fee (Invoiced separately per the contract)	0
National Nexus Program Fee	<u>12,481</u>
<b>TOTAL DUE</b>	<b><u>\$12,481</u></b>

The Federal Employer Identification number of the Multistate Tax Commission is 43-0918818.

Please make the check payable to the Multistate Tax Commission and remit to our Washington, D.C. address.

**ACH INFORMATION:**

BB&T  
1909 K Street, NW  
Washington, DC 20006  
Account Name: Multistate Tax Commission  
Routing Number: 054001547  
Account Number: 5162977999