FIRST

ANNUAL REPORT

MULTISTATE TAX COMMISSION

For the Period Ending

December 31, 1968

MULTISTATE TAX COMMISSION

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January 28, 1969

To the Honorable Governors and State Legislators of Member States of the Multistate Tax Commission

I respectfully submit to you the first annual report of the Multistate Tax Commission for the period ending December 31, 1968. The report includes the activities of the Commission during the partial first year of its existence in 1967.

The Multistate Tax Commission was established under the Multistate Tax Compact which by its terms became effective as to all member states upon enaction of the Compact "into law by any seven states." This occurred August 4, 1967, only seven months after the Compact draft was put in final form.

Thus, this report actually covers the first 17 months of the Commission's legal existence.

Respectfully submitted,

S. Ed Tveden
Acting Executive Director

PRELIMINARY

The origin and history of the Multistate Tax Compact are intimately related and bound up with the history of the states' struggle to save their fiscal and political independence from encroachments of certain federal legislation introduced in congress during the past three years. These were the Interstate Taxation Acts, better known as the Willis bills. The first of these was H.R. 11798 introduced in 1965 by the House Judiciary Committee's Special Subcommittee on State Taxation of Interstate Commerce. After hearings in early 1966, the Subcommittee introduced H.R. 16491 to supersede H.R. 11798. The 89th Congress adjourned without acting on H.R. 16491 and in 1967 H.R. 2158, identical to H.R. 16491, was introduced. In May of 1968 H.R. 2158 passed the House, but the 90th Congress adjourned without any action on the bill by the Senate.

Representative Celler has introduced H.R. 2179, which is the same as H.R. 2158 but without the amendments made in the House, and Senator Ribicoff has announced that he will introduce a similar bill in the Senate and will press for its passage as a priority matter.

All of this continued pressure for federal legislation did not go unnoticed by state officials, particularly since the Willis bill remedy consisted in a series of some over 20 provisions which either exempted multistate businesses from state taxing jurisdiction, narrowed their tax base, or made tax collection more costly or ineffective. For some years the National Governors Conference had gone on record as opposing any legislation that would restrict the tax powers of state and local governments. The National Legislative Conference had gone on record in similar fashion.

H.R. 11798 was introduced in October of 1965 and, after examining the bill's provisions, state tax administrators had real cause for alarm. An immediate reaction was the calling of an unprecedented special meeting of the National Association of Tax Administrators for January 13 and 14, 1966, in Chicago. As stated by Mr. Bernard F. Nossel, then Secretary of NATA,

> The task faced by the state representatives on January 13th was not merely to express opposition to H.R. 11798, but to oppose it in a constructive manner and to suggest workable alternatives which would eliminate the need for the kind of congressional action embodied in this bill.

It was at this meeting that the idea of a multistate tax compact was envisioned. The year 1966 was spent working out the details of a compact draft and this involved intensive labor and effort by a widely representative group of state officials, including a Special Committee of the Council of State Governments, Tax Administrators, Attorneys General, and State Legislators.

Early endorsement of these efforts came in May of 1966 from the National Association of Attorneys General. In their annual meeting in Cleveland a resolution was adopted condemning the Willis Bill as legislation which would "interfere with administration of . . . tax laws by the states and local governments . . . have an extremely dangerous effect on the present and future revenue-raising capacities of state and local governments . . . only produce unreasonable discriminations." The resolution urged that

> Such tax compliance problems as may exist may be resolved by state action including individual state laws, uniform legislation and an interstate compact;

The completed compact draft was presented to the states in January, 1967, and by June of 1967 nine states had already enacted the Compact; two others had passed it and their governors had indicated an intention to sign the bills, although such signatures had not yet been formally affixed. It was therefore determined that these eleven states should hold an organizational meeting of the Multistate Tax Commission on June 15, 1967, in San Francisco. It was recognized that the Commission could only receive official communications and information as to compact enactments after its organization and after the states had a reasonable time to communicate with it. For similar reasons it was agreed that all actions taken at the June 1967 organizational meeting would be subject to confirmation and ratification at the next meeting of the Multistate Tax Commission.

States represented at this organizational meeting were:

Arkansas	Nevada
Idaho*	New Mexico
Illinois	Oregon
Kansas	Texas
Missouri	Washington
Nebraska	

In addition observers and discussion participants were present from the states of Alabama*, Arizona, California, Colorado, Connecticut, Delaware, Georgia, Hawaii, Iowa, Louisiana, Maryland, Massachusetts, Michigan, Minnesota, Montana, New Jersey, New York, Pennsylvania, South Carolina, Tennessee, Utah, Wyoming*, and the District of Columbia.

The most important business transacted at the organizational meeting was the election of officers and executive board as follows:

Chairman: George Kinnear, Washington
Vice Chairman: Thomas A. David, Missouri
Treasurer: Clyde Koontz, Idaho
Board Members: Paul F. Liniger, Oregon
Kenneth I. Kimbro, Texas
James T. McDonald, Kansas
F. A. Vigil, New Mexico

Charles F. Schwan, Jr., then Secretary of the Special Committee on Interstate Taxation of the Council of State Governments, was appointed Acting Secretary to the Commission.

*cf. p. 5

THE COMMISSION GEARS UP FOR ACTION

Chairman Kinnear immediately appointed two committees to draft bylaws and rules and regulations on substantive compact provisions. A Finance Committee was appointed to draft a proposed budget and committees for Business Liaison and Congressional Liaison were also established.

In July of 1967 a site committee to make findings and recommendations for location of the Commission's headquarters offices was appointed; at this time committees were also appointed to work on developing jurisdictional standards for sales and use taxes and for net income taxes.

As a special project a select committee was appointed to consider the question of whether the consent of Congress must be secured to make the Compact legally effective. This was important for a number of reasons. First, while the literal language of Article I, Section 10, of the Federal Constitution seems to say that all interstate compacts require the consent of Congress, the U. S. Supreme Court had ruled that the intent of this "prohibition is directed to the formation of any combination tending to the increase of political power in the states, which may encroach upon or interfere with the just supremacy of the United States." Virginia v. Tennessee, 148 U. S. 503. Legal scholars had noted that under these criteria a number of interstate agreements have been undertaken and placed in operation without the need for Congressional consent. Secondly, officials in the various states wished to be assured by competent legal analysis and counsel that public funds could properly be expended in behalf of the Multistate Tax Commission formed under the Compact. And finally, three states had enacted the compact, conditional upon the consent of Congress. (As of this writing two of these states have removed this conditional provision from their compact enactments and the third is taking steps to do the same.)

OCTOBER 1967

The Commission scheduled a meeting for October 16-17, 1967, at the Gramercy Inn, Washington, D. C. This was an historic occasion, not only as the first legal meeting of the Commission (analysis of the compact enactments of the various states disclosed that the compact had not become effective law in the seventh state until August 4, 1967), but also because a number of essential first steps were taken in this bold, new experiment of cooperation among the states.

Among these were the following:

1. Confirmation of Commission membership of the states of Florida, Illinois, Kansas, Missouri, Nebraska, Nevada, New Mexico, Oregon, Texas, and Washington along with verification of credentials for the member or his alternate from each state.

2. Conferral of associate memberships without the right to vote on the states of Alabama, Arkansas, Idaho, and Wyoming with the Arkansas

associate membership to terminate January 1, 1968, the effective date of its compact enactment. The enactments of the states of Alabama, Idaho and Wyoming in each case contained contingency provisions making them not yet effective law.

3. Ratification of the actions taken at the June 15, 1967, meeting including the election of officers. However, it was necessary to elect a new treasurer and executive board member because of the resignation of Clyde Koontz of Idaho, the compact not yet being in effect in that state. F.H.W. Hoefke, Oregon, was elected Treasurer and J. Ed Straughn, Florida, was elected to the Executive Board vacancy.

4. Adoption of bylaws for the Commission.

5. Adoption of a budget of $30,650 for the period January 1, 1968 - June 30, 1968, and a budget of $88,500 for the period July 1, 1968 - June 30, 1969, and acceptance of recommendations of the Finance Committee of the amounts to be appropriated by each of the party states.

6. Acceptance of the recommendation of the Site Committee that the Commission establish temporary offices in Kansas City, Missouri, as soon as practicable and defer to a later date the determination of a location for permanent offices.

7. Determination that an Executive Director and staff for the Commission would be selected as soon as funds were available, the Chairman to undertake the initial screening of applicants for the Director position.

8. Acceptance of the report of the Chairman of the Committee on the Question of Congressional Consent for the Compact. He reported that an analysis had been made of each article of the Compact to determine whether consent was needed for that part, and that since there was found no part for which congressional consent was needed, the Compact as a whole did not require such consent. However, despite the lack of legal requirement of consent, the Committee Chairman urged that Congressional consent be sought because the Compact is of the type for which consent traditionally has been sought and obtained, and for policy reasons it would be desirable to have a declaration of the support of Congress for this cooperative state action.

9. Receipt of progress reports from the Chairmen of the committees for Rules and Regulations, Sales and Use Tax Jurisdictional Standards, and Income Tax Jurisdictional Standards.

In the weeks following the October 1967 meeting the Commission continued its program of developing and expanding the activities of its Business Liaison and Congressional Liaison Committees. In December an Arbitration Rules Committee was organized to begin work necessary to implement Article IX of the Compact. A Local Taxes Committee and a Committee on Joint Audits were also established at this time. The Commission corresponded with the Attorneys General of all compact states calling attention to their entitlement under provisions of the Compact to attend all Commission meetings and participate in Commission deliberations.

JANUARY 1968

The second meeting of the Commission was held in Kansas City, Missouri, January 23-24, 1968. By this time eleven states had become regular members. Pursuant to a special bylaw adopted by the Commission associate membership was made available to any state upon written request made by its governor. Such applications had been received from California, Colorado, Hawaii, Indiana, Massachusetts, Montana, North Dakota, Pennsylvania, and Utah. The Commission granted and approved associate memberships for all nine applicants, making a total of twelve such members as of that date.

At this meeting the Compact states re-elected all the incumbent officers and executive board members for the year 1968. Among actions taken by the Commission were adoption of procedures for bringing proposed rules and regulations up for public hearing, authorization to expend up to $5,000 for preparation and printing of a brochure to describe the objectives and activities of the Commission, designation and authorization of Chairman George Kinnear to appear at public meetings in behalf of the Commission, and authorization for the Chairman to employ an executive director with concurrence of the executive committee and within the limits of the budget on a preliminary and part time basis, if necessary. The Commission decided to hold its next meeting just prior to the annual meeting of the National Association of Tax Administrators in Baltimore.

The next few months were marked by intensive activity on the part of the Compact states and the Commission in an attempt to combat pressures for passage of H.R. 2158. As mentioned earlier the bill got through the House in May but was not taken up by the Senate before adjournment of the session.

Three more states became regular members of the Commission in April and May, 1968. Colorado enacted the Compact April 2, 1968, Idaho removed its contingency provision and became a full member April 9, 1968, and Hawaii passed the Compact May 7, 1968.

JUNE 1968

The third meeting of the Commission was held June 6-7, 1968, at Baltimore, Maryland. Among the important items of business taken up at this meeting were the following:

1. Applications for associate membership of the states of Alaska, Arizona, and West Virginia were approved.

2. The Arbitration Committee chairman reported that it had made final review of its third draft of proposed rules of procedure and practice to implement Article IX of the Compact. The Commission accepted this draft for purposes of public hearing in September 1968, with a view to adopting arbitration rules at the next Commission meeting. Also, the Commission voted to join the American Arbitration Association as a contributing member.

3. The newly formed Property Tax Committee rendered a preliminary report proposing that the committee begin its course of study and action by taking up the following two topics: First, find what areas of property tax law or administration could be improved by multistate planning, and second, determine how the Commission's efforts can best be coordinated with such organizations as NATA and IAAO to avoid duplication and maximize effective strength.

4. The Sales and Use Tax Jurisdictional Standards Committee reported that it had worked through several drafts of a proposed standard and could now offer its final draft for Commission consideration. The Commission accepted the final draft of the sales and use tax jurisdictional standard and ordered that it be scheduled for public hearing in September, 1968.

5. The Local Taxes Committee offered for adoption a proposed policy statement on State Enabling Acts for Sales and Income Taxes. The statement recommended the use of a uniform ordinance and the filing of a single return with the state, with payment of taxes back to the local governments pursuant to formulas best suited to meet tax administration simplification requirements and particular policy needs. The intent and purpose are to reduce tax compliance difficulties for multistate taxpayers and to minimize other problems arising from a multiplicity of local taxing jurisdictions.

6. The Rules and Regulations Committee reported that it had completed its draft of regulations construing provisions of Articles II and III of the Compact. The Commission accepted the draft for inclusion in matters scheduled for the September 1968 public hearing.

7. The Commission adopted a schedule and outline of procedure for the public hearing on the three items accepted by the Commission to be heard. It was decided that the hearing would commence September 16 and continue as many days thereafter as necessary, that the hearing would be conducted by its Executive Director with the committee chairmen having items on the hearing agenda also to be present, and that the Hearing Officer would present at the next Commission meeting a synopsis of the hearing, detailed recommendations for Commission action, and a final draft of regulations for the three items on the hearing agenda.

8. The Commission adopted a revised budget for the fiscal year 1968-1969 as well as budgets for 1969-1970 and 1970-1971.

During the next few months the attention of the Commission and the Compact states was directed primarily at the U. S. Senate and particularly its Committee on Finance which was handling both the Willis Bill (H.R. 2158) and the Consent Bill (S. 1551). Concerted efforts were being made by proponents of the Willis Bill to rush H.R. 2158 to a quick Senate vote. In the forefront of this effort were the National Association of Manufacturers and the National Association of Wholesalers. These organizations were pressing the arguments that the Willis Bill passed the House with a substantial vote margin and that since this federal legislation had been under study and consideration in the House for several years, the Senate should take early and immediate action on it.

On the other hand the states felt that the Senate should hold full hearings on both H.R. 2158 and S. 1551. No hearings had been held on H.R. 2158 in the House. The hearings dealt solely with H.R. 11798, a prior and considerably different version of the bill. And of course no hearings of any kind had been had anywhere on a bill to give the consent of Congress to a multistate tax compact among the states. Further, and most importantly, Congress had not had an opportunity to be apprised of the many remedial actions taken by the states individually and cooperatively to alleviate the problems and complaints made in House hearings some years previously. Finally, if because of the lateness of the session the full and adequate hearings needed could not be arranged, the states urged that the matter be set over to the next session.

Ultimately the Senate Finance Committee concluded that there was not time enough remaining in the session of the 90th Congress to take up the bills. In a letter to Senator Magnuson of Washington, principal sponsor of S. 1551, dated September 12, 1968, Senator Russell Long, Chairman of the Committee on Finance, advised that

> It appears unlikely that there will be sufficient time remaining in the 90th Congress for the sort of in-depth study of the state tax systems needed for committee consideration of any measure directed at the problem of overlapping and sometimes conflicting state tax statutes. That being the case I doubt the committee would want to commence work on the matter this year.

Meanwhile, on June 12, 1968, the National Association of Attorneys General at the annual meeting in Boston took note of developments with respect to H.R. 2158 and adopted a strong resolution restating their opposition to it and reaffirming support for the Compact. This resolution was sent to all members of the Senate and urged rejection of H.R. 2158 and enactment of S. 1551.

EXECUTIVE DIRECTOR

Early in the year Chairman Kinnear began recruitment and negotiations to select and appoint an Executive Director, hopefully on a part time basis about May 1, to be converted to full time on July 1 if sufficient funds were available at that time. Because of unforeseen difficulties which developed in establishing procedures for securing concurrence of the Executive Board in approval of a nominee, the decision with respect to hiring a director was deferred until the June meeting when the Executive Board could meet together. On June 26, 1968, with the position still unfilled, the Chairman appointed S. Ed Tveden to be Acting Executive Director, detaching him from duties with the the Washington Department of Revenue to work full time for the Commission for a temporary period.

After efforts of the Board to locate a qualified director through personal referrals proved fruitless over a period of nearly three months, a special meeting of the Executive Board was called for September 19, 1968, to discuss and agree upon procedures for selection of an Executive Director. The Board decided that a professional executive recruiting firm should be hired to find and prescreen capable candidates and the Chairman was authorized to select and hire such a search firm, subject to the restriction that the maximum fee payable be $5,000 if the executive search should prove unsuccessful.

The firm of Wilkinson, Sedwick and Yelverton was hired for this purpose and, after interviewing about 40 prospective candidates, narrowed the selection down to three. After interviewing these three the Chairman on January 10, 1969, conferred with all the Executive Board members in a conference telephone call and the Board approved the appointment of Eugene F. Corrigan as Executive Director. Mr. Corrigan is presently Supervisor of the Rules and Regulations Division of the Illinois Department of Revenue and has been active in affairs of the Multistate Tax Commission since its inception. He will assume his new duties on February 1, 1969.

PUBLIC HEARING

The hearing was held in Kansas City, Missouri, on September 16 and 17, 1968, and was conducted by S. Ed Tveden, who presided as Hearing Officer for the Commission. The hearing was productive and altogether successful. Thirty-two persons were in attendance plus representatives from the press and television.

As mentioned earlier the three matters on the hearing agenda were:

1. A uniform jurisdiction standard for sales and use tax.

2. Arbitration rules of procedure and practice under Article IX of the Compact.

3. Uniform regulations with respect to substantive net income tax provisions in Articles II and III of the Compact.

A number of constructive suggestions and ideas were presented at the hearing and each of the three proposed rules were amended to some extent to incorporate proposed changes believed to have merit by the Hearing Officer and the Committee Chairmen whose committees had drafted the proposed rules. At the meeting of the Commission in November 1968 the proposed rules, with amendments noted, were adopted by the Commission. The rules have been distributed to all member and associate states plus all other persons on the Commission's mailing list and they have been published by the tax services of Commerce Clearing House and Prentice-Hall.

NOVEMBER 1968

The Commission held its fourth meeting on November 19 in Kansas City, Missouri. Among actions taken were the following:

1. The application of the state of Michigan for associate membership was approved.

2. The three rules which were the subject of the September public hearing were adopted (see above).

3. The Chairman of the Income Tax Jurisdictional Standards Committee reported that his committee had collaborated with the Local Taxes Committee in drafting proposed model enabling acts for local sales and use tax and for local personal income tax. These model acts would provide for a uniform ordinance and for central collection and administration at the state level. It was the consensus of the Joint Committee that such uniform ordinances should authorize imposition of these local taxes in the form of an additional rate to be added to the state tax (the so-called "piggy back" local tax). The Commission adopted the proposed model acts as policy recommendations to the states.

4. The Property Tax Committee reported that its members have exchanged ideas for future action by correspondance, but having no budget for meetings, had not been together for a meeting. The Committee had solicited and secured written responses from the business community and tax practitioners of objectionable administrative policies or inequitable property tax practices.

The chief objections received were complaints of discriminatory practices in centrally assessed properties (vis-a-vis locally assessed properties) and difficulty of appealing assessments. The committee chairman counseled that if the individual states are to retain control of their tax systems, they must be certain to develop and promote a system that will insure uniformity of taxation, equity to multistate taxpayers as well as to local taxpayers and to local and state governments, and an appeal procedure that will insure all taxpayers an opportunity to present their appeals fully and promptly.

5. The Income Tax Special Problems Subcommittee reported that it had held its first meeting and that it will concern itself with foreign source income; income from dividends, royalties, or patents; and the filing of consolidated returns by corporations. The Subcommittee had identified the problems in these and related areas in its preliminary session and plans to continue giving attention and study to them with a view to a more definitive report to the Commission at a later date.

OUTLOOK

The year 1969 may well be the year of decision. Unquestionably it will test whether the Compact, as an effort by the states to join together in providing an affirmative, collective, and continuing answer and alternative to proposed Willis-type legislation, will have a chance to succeed. This is the year which will tell whether the states will have an opportunity to demonstrate that through the Compact and the Multistate Tax Commission they are willing and able to meet the problems and legitimate complaints of multistate businesses.

Charges were made by various elements of the business community in testimony before the House Subcommittee on Taxation of Interstate Commerce that multistate businesses were being treated unfairly and inequitably by the states; there were too many tax returns which had to be filed, there was too much of a maze of nonuniformity in the various laws and regulations of the states; compliance was too difficult and too costly for multistate businesses; multistate businesses were discriminated against or subjected to duplicate taxation--only they were charged for audits, for example.

And H.R. 2158 which ultimately came out of the House Subcommittee solved all these problems for large numbers of interstate operators. How? By removing them from the taxing jurisdiction of the states. This, of course, discriminates against localized businesses who will have to pick up the slack of lost revenues and still try to compete with their tax exempt competition--to say nothing of the new and extensive areas of nonuniformity created as between local and multistate businesses.

It is a temptation to want to point with pride to the accomplishments of the states both individually, through adoption of uniform laws and removal of discriminatory or inequitable provisions, as well as collectively, through the Compact and the Commission. It is tempting because much has been accomplished--and all in the short period of only some two and one-half years--things which some said would take 20 years and others said could never be done. The states were told that a tax compact could never be drafted which would be acceptable to seven states, much less the 16 which have already enacted it. The Commission, even without a permanent executive director or a full time staff, has a number of important accomplishments to its credit during the short period covered by this report.

So no one can doubt that the Compact states have already moved and will continue to work for simplification, uniformity, and equity in the treatment of multistate taxpayers. But it cannot be said that the threat of coercive, restrictive federal legislation is gone. It is true that the strenuous efforts of the states resulted in bottling up the Willis Bill for an extended period. But in the end those efforts failed. H.R. 2158 passed the House handily. True, the states obtained a reprieve when the bill died at the end of the session without the Senate getting to it. However, notice has already been served that the same sort of federal legislation will be introduced in both the House and the Senate early in 1969.

So, as the Commission's first Acting Secretary, Charles F. Schwan, Jr., has stated, this is now "put up or shut up" time for the states. Clearly, it is not going to be enough to be opposed to federal legislation. Virtually all state tax administrators, attorneys general, and governors testified against the Willis Bill and expressed opposition to it when it was in the House Subcommittee. Resolutions in opposition to it were adopted by the National Governors Conference, the National Association of Attorneys General, the National Association of Tax Administrators, and others.

From past experience, therefore, we know that in order to make a convincing case that the states have the vision and energy to make the Compact a workable alternative to federal legislation, it is essential that the Compact be enacted by a great many more states. This will greatly simplify the job of persuading Congress of the effectiveness and desirability of the Compact methodology. Enactment of the Compact in 1969 by a significant number of states is vitally needed to show that the states are both willing and able to work jointly in solving multistate tax problems--not just those of today but those which may develop in the future. Only in this way can state officials demonstrate that they have the initiative, commitment, and capacity to carry out coordinated programs which will provide uniformity, simplicity, and equity in state taxation. The hour for this is now.

COMPACT ENACTMENTS

The Multistate State Compact has been enacted as a uniform law by the fifteen states as shown below:

State	Effective Date
Kansas	April 20, 1967
Washington	June 8, 1967
Texas	June 13, 1967
New Mexico	June 19, 1967
Illinois	July 1, 1967
Florida	August 4, 1967 *
Nevada	August 4, 1967
Oregon	September 13, 1967
Missouri	October 13, 1967
Nebraska	October 23, 1967
Arkansas	January 1, 1968
Idaho	April 10, 1968
Hawaii	May 7, 1968
Colorado	July 1, 1968
Wyoming	January 24, 1969

* Article VIII not effective until July 1, 1969

ASSOCIATE MEMBER STATES

The Commission has made provision for associate membership by Section 13 of its bylaws, as follows:

13. <u>Associate Membership</u>.

(a) Associate membership in the Compact may be granted, by a majority vote of the Commission members, to those States which have not effectively enacted the Compact but which have, through legislative enactment, made effective adoption of the Compact dependent upon a subsequent condition, or have, through their Governor or through a statutorily established State agency, requested associate membership.

(b) Representatives of such associate members shall not be entitled to vote or to hold a Commission office, but shall otherwise have all the rights of Commission members.

Associate membership is extended especially for states that wish to assist or participate in the discussions and activities of the Commission, even though they have not yet enacted the Compact. This serves two important purposes: (1) it permits and encourages states that feel they lack knowledge about the Commission to get an education through meeting with the members and (2) it gives the Commission an opportunity to seek the active participation and additional influence of states who are eager to assist in a joint effort in the field of taxation while they consider or work for enaction of the Compact to become full members.

The following are associate members at this time:

Alabama *	Michigan
Alaska	Montana
Arizona	North Dakota
California	Pennsylvania
Indiana	Utah
Massachusetts	West Virginia

* Compact enacted but with contingent provisions making it not yet effective.

EXECUTIVE COMMITTEE
Chm.-GEORGE KINNEAR-Wn.
V.Chm.-James T. McDonald-Kan.
Treas.-Kenneth I. Kimbro-Tex.
John H. Heckers-Colo.
George E. Mahin-Ill.
Ralph Kondo-Hawaii
J. Ed Straughn-Fla.

JURIS.STDS-SALES & USE
GENE CORRIGAN-Ill.
Harvey L. Rabren-Ala.
B. Bryan Larey-Ark.
Robert D. Hamlin-Cal.
J. Ed Straughn-Fla.
Clyde E. Koontz-Idaho
Harry O'Riley-Kan.
Walter W. Nowotny-Mo.
Murrell B. McNeil-Nebr.
F. A. Vigil-N.Mex.
Donald Bishop-Tex
James R. Stanford-Wn.
Francis Hillard-Wyo.
Walter C. Thompson-Wn.,D.C.
Wm. Dexter-Mich.

RULES & REGULATIONS
THEODORE DE LOOZE-Ore.
Boston Witt-N.Mex.
Louis F. Del Duca-Pa.
Thomas C. Frost-Idaho
James Bradshaw-Ala.
Wm. H. Forst-Iowa
Elwynn J. Miller-Mass.
R. L. Hendricks-Ohio
John J. Klee-Cal.
Donald Bishop-Tex.
Sidney Glaser-N.J.
Wm. Reed-Kn.

JOINT AUDITS
THURE LINDSTROM-Ore.
F. Nolan Humphrey-Ark.
Leon Postawko-Nev.
William Grier-Kan.
Tomotaru Ogai-Hawaii
R. H. Munzinger-Wn.
Herbert F. Freeman-Cal.

ARBITRATION
F. NOLAN HUMPHREY-Ark.
Neil Williams-Tex.
Owen L. Clarke-Mass.
Lawrence E. Johnson-Wyo.
Donald Bishop-Tex.
Melvin Soong-Hawaii

CONGRESSIONAL LIAISON
GEORGE KINNEAR-Wn.
Thomas David-Mo.
Boston Witt-N.Mex.
James T. McDonald-Kan.
Chapman L. Sanford-La.
B. Bryan Larey-Ark.
Murrell B. McNeil-Nebr.
J. Ed Straughn-Fla.

BUSINESS LIAISON
GEORGE KINNEAR-Wn.
Thomas David-Mo.
E.W."Buzz" Sandberg-Colo.
Kenneth Kimbro-Tex.

PROPERTY TAX
HARRY J. LOGGAN-Ore.
Kenneth Back-Wn.,D.C.
Fairfax Brown-W. Va.
Joe T. Burlingame-Ark.
A. A. Hall-Colo.
Clyde Rose-Wn.
Francis Hillard-Wyo.
Roy E. Nickson-Nev.

JURISDICTIONAL STANDARDS-INCOME TAX
LOUIS F. DEL DUCA-Pa.

Subcommittee on Uniformity of Enabling Acts for Local Non-Property Taxes (Joint Committee with Local Taxes)
WILLARD LIVINGSTON-Ala.
Elias Abelson-N.J.
Mrs. Louise M. Barr-W.Va.
Emmett E. Batson-La.
Carl W. Brieske-Ohio
Henry A. Heinmuller,Jr.-Md.
Herbert F. Freeman-Cal.
Saul Heckelman-N.Y.
Sam Keys-Ill.
L.A.Skeet McCulloch,Jr.-N.Mex.
Wm. Reed-Kn.
Chapman L. Sanford-La.
James R. Willis-Colo.
Paul Holt-Utah
James C. Lien-Nev.
John R. Herman-Ill.

Subcommittee on Compromise & Arbitration, Personal Income Tax
BEN D. ROWLAND-Ark.
Orval F. Baldwin-Kan.
Elmer R. Hermes-Neb.
Leo J. Ehrig-Wn., D.C.
David M. Jones-Mo.
Benjamin F. Marsh-Md.
Neil Williams-Tex.
Wm. J. Pierce-Mich
Charles B. Bayly,Jr.-N.Y.
Stanley C. Fruits-Wis.
Daniel B. Breen-Mass.

Subcommittee on Extension of Short Form Option
SAM C. BLAIR-Mo.
Wm. B. Patton-Ore.
Philip E. Peterson-Idaho
James M. Bradshaw-Ala.
Thomas D. Benson-Tenn.
Howard Vralsted-Mont.

Subcommittee on Special Problems-Income Tax
WM. DEXTER-Mich.
Wm. A. Fisher-N.Y.
James R. Willis-Colo.
Ted de Looze-Ore.
John J. Hollis-Tex.
Paul E. O'Brien-Ga.
Russell L. Hendricks-Ohio
Wm. J. Pierce-Mich.
Paul J. Hartman-Tenn.

MULTISTATE TAX COMMISSION BUDGETS, 1968-1971[3]

Object	1968-1969	1969-1970	1970-1971
Revenues			
Beginning balance			
Assessments to states members at beginning of period	97,000	197,000[1]	222,000
Assessments to new member states	100,000	25,000	50,000
TOTAL	197,000	222,000	272,000
Expenditures			
Salaries			
Executive Director	25,000	26,000	27,000
Research Coordinator	16,000	18,000	18,800
Legal Counsel	16,000	20,000	21,000
Accounting Clerk	6,600	6,950	7,300
Secretary	7,500	7,900	8,300
Stenographer	6,200	6,500	6,800
Clerk-Typist	5,800	6,100	6,400
Employee benefits	12,900	14,200	14,900
Travel expenses			
Commission members[2]	2,000	2,100	2,200
Staff	7,000	7,350	7,700
Relocation allowances	3,000	1,000	1,000
Bonds and insurance	500	525	550
Office rental			11,600
Office supplies	1,500	1,575	1,650
Freight and postage	1,050	1,100	1,150
Printing and duplicating	7,500	7,500	7,500
Telephone and telegraph	3,500	4,000	4,250
Other operating expenses			
Conference and Commission meetings	1,000	1,000	1,000
Professional services	500	550	600
Books and peridicals	3,000	1,000	1,000
Contingencies	7,700	8,000	8,300
Capital outlay			
Furniture, cabinets, shelving and office machines	7,150	1,000	1,000
TOTAL	141,400	142,350	160,000

1. Estimate only--assessments to be increased only in the proportion that revenues for apportionment purposes of new states bear to the includable revenues of member states for the entire previous fiscal period.
2. For travel on behalf of the Commission but excluding expenses of attending Commission meetings.
3. As adopted June 7, 1968.

MULTISTATE TAX COMMISSION

Apportionment of Budget

For Fiscal 1968-1969

State	State and Local # Revenue (Thousands)	%	* Allocation of Budget 7/1/68 to 6/30/69
Arkansas	$ 152,258	4.42561	$ 6,642.03
Colorado	225,884	6.56567	9,365.47
Florida	304,929	8.86324	12,289.36
Hawaii	178,377	5.18481	7,608.19
Idaho	75,331	2.18961	3,796.50
Illinois	811,414	23.58501	31,024.28
Kansas	211,268	6.14083	8,824.82
Missouri	409,895	11.91424	16,172.06
Nebraska	-0-	-0-	1,010.00
Nevada	23,420	.68074	1,876.31
New Mexico	100,437	2.91936	4,725.18
Oregon	195,007	5.66818	8,223.33
Texas	318,185	9.24854	12,779.69
Washington	433,975	12.61416	17,062.78
Total	$3,440,380	100.00000	$141,400.00

\# For fiscal year ended June 30, 1967.
* 10% in equal shares; 90% on basis of tax revenue.

SET:ia
7/15/68

TOUCHE, ROSS, BAILEY & SMART
(Combining Bowers Davis and Hoffman)

415 PIONEER TRUST BUILDING
SALEM, OREGON 97301

January 20, 1969

Multistate Tax Commission
S. Ed Tveden, Acting Executive Director and Secretary
Washington State Department of Revenue
Olympia, Washington 98301

We have examined the Treasurer's statement of cash receipts and disbursements of the Multistate Tax Commission for the period October 16, 1967 to December 31, 1968. Our examination was made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we deemed necessary in the circumstances.

In our opinion, the accompanying statement presents fairly the cash receipts and disbursements and cash balance of the Multistate Tax Commission for the period October 16, 1967 to December 31, 1968.

Touche, Ross, Bailey & Smart
Certified Public Accountants

MULTISTATE TAX COMMISSION

Statement of Cash Receipts and Disbursements
October 16, 1967 to December 31, 1968

Cash Receipts		
Membership assessments		$145,633.74
Interest on Certificates of Deposit		1,674.92
Miscellaneous		7.25
		$147,315.91
Cash Disbursements		
Payroll	$ 6,875.00	
Management services	4,185.98	
Meetings	2,935.01	
Legal	1,977.00	
Advertising	1,954.76	
Air fares	1,911.25	
Printing - labor	1,865.14	
Printing - material	1,678.78	
Payroll taxes	476.20	
Meals and lodging	397.27	
Telephone and telegraph	321.22	
Dues	250.00	
Office supplies	242.73	
Auto expense	81.55	
Insurance and fidelity bonds	25.00	
Freight	13.35	25,190.24
Excess of receipts over disbursements		$122,125.67
Cash balance October 16, 1967		--
Cash balance December 31, 1968		$122,125.67

Summary	
First National Bank of Oregon, Candalaria Branch	
Checking account	$ 4,325.96
Time Certificates of Deposit	117,799.71
	$122,125.67