

TENTH  
ANNUAL REPORT

MULTISTATE  
TAX  
COMMISSION



For the Fiscal Year Ending

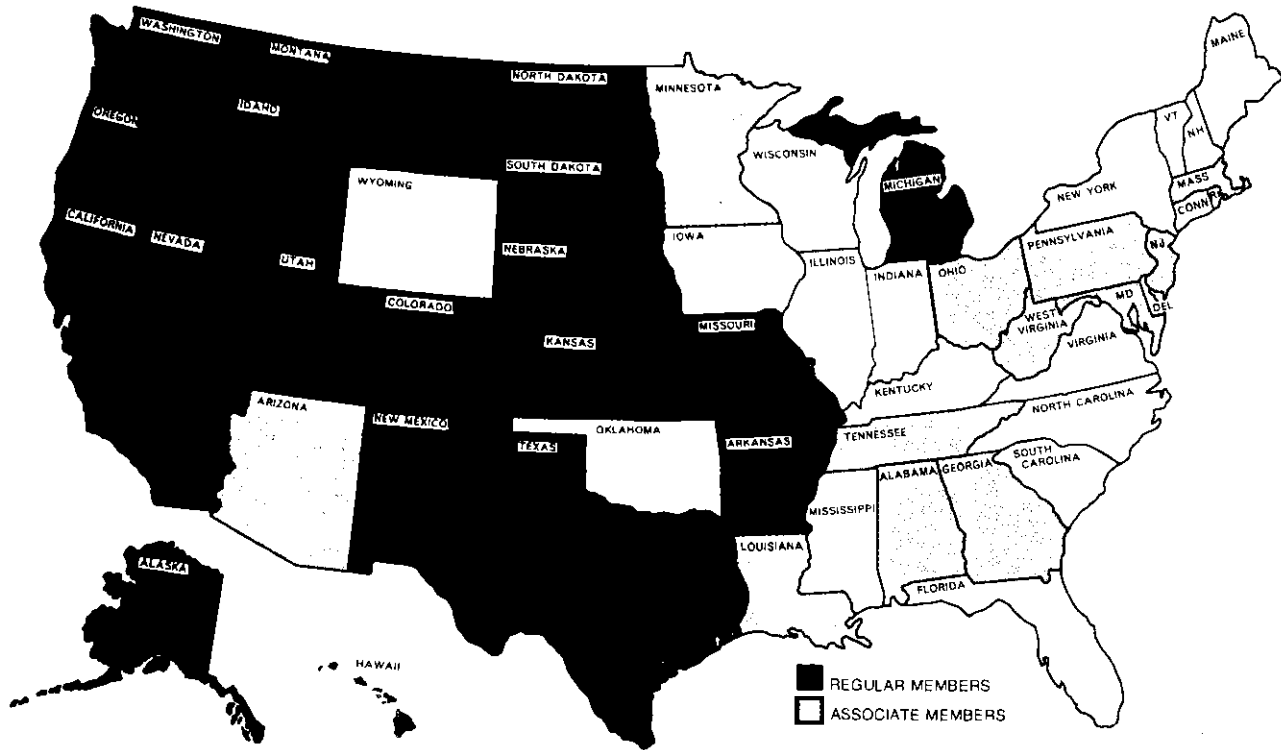
JUNE 30, 1977

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MULTISTATE TAX COMMISSION

MEMBERSHIP JANUARY 1, 1978



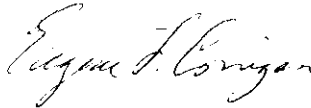
February 28, 1978

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

I respectfully submit to you the tenth annual report of the Multistate Tax Commission.

This report covers the fiscal year beginning July 1, 1976 and ending June 30, 1977.

Respectfully submitted,

A handwritten signature in cursive script that reads "Eugene F. Corrigan". The signature is written in black ink and is positioned above the printed name and title.

Eugene F. Corrigan  
Executive Director

**MULTISTATE TAX COMMISSION**

**OFFICERS**



**John J. Lobdell, Chairman**  
Director of Revenue  
Oregon



**Alan N. Charnes, Vice-Chairman**  
Director of Revenue  
Colorado



**Sterling Gallagher, Treasurer**  
Commissioner of Revenue  
Alaska

## EXECUTIVE COMMITTEE MEMBERS



**Raymon E. Dore**  
Director of Revenue  
Montana



**Allison Green**  
State Treasurer  
Michigan



**Vernon L. Holman**  
Chairman State Tax Commission  
Utah



**F. Kent Kalb**  
Secretary of Revenue  
Kansas

*The three officers are also members of the Executive Committee. Terms of the above officers and committee members end June 30, 1978.*

## EX OFFICIO MEMBERS OF EXECUTIVE COMMITTEE

### FORMER COMMISSION CHAIRMEN



**Byron L. Dorgan**  
Tax Commissioner  
North Dakota



**William E. Peters**  
Tax Commissioner  
Nebraska

**MULTISTATE TAX COMMISSION MEMBERS  
REPRESENTING PARTY STATES OF THE  
MULTISTATE TAX COMPACT**

**ALASKA**



Sterling Gallagher (907) 465-2300  
Commissioner of Revenue  
Alaska State Office Building  
Pouch 5  
Juneau, Alaska 99811

**ARKANSAS**



Jim Wooten (501) 371-2242  
Director, Arkansas Department of  
Finance and Administration  
P. O. Box 3278  
Little Rock, Arkansas 72203

**CALIFORNIA**



George R. Reilly\* (916) 445-3956  
Chairman  
California State Board of Equalization  
P. O. Box 1799  
Sacramento, California 95808

**CALIFORNIA**



Kenneth Cory\* (916) 445-2636  
State Controller  
Chairman, Franchise Tax Board  
P. O. Box 1468  
Sacramento, California 95807

**COLORADO**



Alan N. Charnes (303) 839-3091  
Executive Director  
Colorado Department of Revenue  
1375 Sherman Street  
Denver, Colorado 80261

**HAWAII**



Gordon Y. H. Wong (808) 548-7650  
Director of Taxation  
Hawaii Department of Taxation  
P. O. Box 259  
Honolulu, Hawaii 96809

\*Chairman of the Board of Equalization represents California in MTC fiscal years beginning in odd-numbered calendar years, and the Chairman of the Franchise Tax Board represents California in MTC fiscal years beginning in even-numbered calendar years.

**IDAHO**

Jenkin L. Palmer  
 Commissioner  
 Department of Revenue and Taxation  
 Idaho State Tax Commission  
 P. O. Box 36  
 Boise, Idaho 83722

(208) 384-3147

**KANSAS**

F. Kent Kalb  
 Secretary of Revenue  
 Kansas Department of Revenue  
 State Office Building  
 Topeka, Kansas 66625

(913) 296-3041

**MICHIGAN**

Allison Green  
 State Treasurer  
 Department of Treasury  
 Revenue Division  
 Treasury Building  
 Lansing, Michigan 48922

(517) 373-3223

**MISSOURI**

Gerald N. Goldberg  
 Director of Revenue  
 Department of Revenue  
 P. O. Box 629  
 Jefferson City, Missouri 65101

(314) 751-4450

**MONTANA**

Raymon E. Dore  
 Director of Revenue  
 Montana Department of Revenue  
 Mitchell Building  
 Helena, Montana 59601

(406) 449-2460

**NEBRASKA**

William E. Peters\*  
 State Tax Commissioner  
 P. O. Box 94818  
 Lincoln, Nebraska 68509

(402) 471-2971

**NEVADA**

John J. Sheehan  
 Executive Director  
 Department of Taxation  
 1100 E. Williams, Capital Plaza Building  
 Carson City, Nevada 89710

(702) 885-4892

**NEW MEXICO**

Fred O'Cheskey  
 Commissioner of Revenue  
 New Mexico Bureau of Revenue  
 Santa Fe, New Mexico 87501

(505) 827-3221

\*MTC Chairman, July 1, 1975-June 30, 1976



**NORTH DAKOTA**



Byron L. Dorgan\*  
Tax Commissioner  
North Dakota State Tax Department  
Bismarck, North Dakota 58505  
(701) 224-2770

**OREGON**



John J. Lobdell  
Director  
Department of Revenue  
204 State Office Building  
Salem, Oregon 97310  
(503) 378-3363

**SOUTH DAKOTA**



Oren P. Coler  
Secretary of Revenue  
Capitol Lake Plaza  
Pierre, South Dakota 57501  
(605) 224-3311

**TEXAS**



Bob Bullock\*\*  
Comptroller of Public Accounts  
LBJ State Office Building  
Austin, Texas 78711  
(512) 476-6001

**UTAH**



Vernon L. Holman  
Chairman  
Utah State Tax Commission  
202 State Office Building  
Salt Lake City, Utah 84114  
(801) 533-5831

**WASHINGTON**



Charles Hodde  
Director  
Washington Department of Revenue  
415 General Administration Building  
Olympia, Washington 98504  
(206) 753-5512

\*MTC Chairman, July 1, 1972-June 30, 1974

\*\*Former member of MTC Executive Committee

## ALTERNATES

ALASKA



John Messenger (907) 465-2302  
Deputy Commissioner  
Department of Revenue  
Pouch S  
Juneau, Alaska 99811

ARKANSAS



F. Nolan Humphrey (501) 371-1626  
Administrator  
Office of Tax Administration  
Arkansas Department of Finance and  
Administration  
P. O. Box 1272  
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COLORADO



Frank Beckwith (303) 839-3048  
Chief of Taxation  
Colorado Department of Revenue  
1375 Sherman Street  
Denver, Colorado 80261

HAWAII



Stanley D. Suyat (808) 548-7562  
Deputy Director  
Department of Taxation  
P. O. Box 259  
Honolulu, Hawaii 96809

IDAHO



Larry G. Looney (208) 384-3149  
Commissioner  
Department of Revenue and Taxation  
Idaho State Tax Commission  
P. O. Box 36  
Boise, Idaho 83707

KANSAS



Benjamin J. Neill (913) 296-2381  
General Counsel  
Department of Revenue  
State Office Building  
Topeka, Kansas 66625

MICHIGAN



Sydney Goodman (517) 373-3193  
Commissioner of Revenue  
Department of Treasury  
Revenue Division  
Treasury Building  
Lansing, Michigan 48922

**MISSOURI**



Roger T. Harris, Director (314) 751-3608  
Division of Taxation & Collection  
Department of Revenue  
P. O. Box 629  
Jefferson City, Missouri 65101

**MONTANA**



Laury Lewis (406) 449-2460  
Deputy Director of Revenue  
Montana Department of Revenue  
Mitchell Building  
Helena, Montana 59601

**NEBRASKA**



John L. Decker (402) 471-2971  
Administrator  
Tax Policy Division  
Department of Revenue  
P. O. Box 94818  
Lincoln, Nebraska 68509

**NEVADA**



Tom Kruse (702) 885-4820  
Deputy Director  
Department of Taxation  
Capital Plaza Building  
1100 E. Williams  
Carson City, Nevada 89710

**NEW MEXICO**



Jan Unna (505) 827-3221  
Director Ext. 212  
Legal Division  
New Mexico Bureau of Revenue  
Santa Fe, New Mexico 87501

**NORTH DAKOTA**



Robert R. Kessel (701) 224-3450  
North Dakota State Tax Department  
State Capitol  
Bismarck, North Dakota 58505

**OREGON**



Theodore W. de Looze (503) 378-4497  
Chief Tax Counsel  
Tax Division  
Department of Justice  
State Office Building  
Salem, Oregon 97310

**SOUTH DAKOTA**



Orville Dixon (605) 773-3311  
Audit Director  
Department of Revenue  
Capitol Lake Plaza Building  
Pierre, South Dakota 57501

**TEXAS**



Wade Anderson (512) 475-2779  
Assistant Comptroller  
Legal Services  
Office of Comptroller  
State of Texas  
Austin, Texas 78711

**UTAH**



Leo B. Miles (801) 533-5941  
Chief Auditor  
Auditing Division  
Utah State Tax Commission  
201 State Office Building  
Salt Lake City, Utah 84134

**WASHINGTON**



Ed Tveden (206) 753-5504  
Assistant Director  
Department of Revenue  
415 General Administration Building  
Olympia, Washington 98504

## TAX ADMINISTRATORS, ASSOCIATE MEMBER STATES

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

### 13. Associate Membership

(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 become familiar with it through meeting with the members, and (2) it gives the Commission an opportunity to seek the active participation and additional influence of states which are eager to assist in a joint effort in the field of taxation while they consider or work for enactment of the Compact to become full members.

#### ALABAMA



Charles Boswell (205) 832-5760  
Commissioner  
Department of Revenue  
Montgomery, Alabama 36130

#### ARIZONA



Neal G. Trasente (602) 271-3393  
Director  
Department of Revenue  
Capitol Building, West Wing  
Phoenix, Arizona 85007

#### GEORGIA



W. E. Strickland (404) 656-4016  
Commissioner  
Department of Revenue  
410 Trinity-Washington Building  
Atlanta, Georgia 30334

#### LOUISIANA



Shirley McNamara (504) 389-6933  
Secretary  
Department of Revenue and Taxation  
State of Louisiana  
P. O. Box 201  
Baton Rouge, Louisiana 70821

**MARYLAND**



Louis L. Goldstein (301) 269-3801  
Comptroller of the Treasury  
State Treasury Building  
P. O. Box 466  
Annapolis, Maryland 21404

**MASSACHUSETTS**



Laurence D. Fitzmaurice (617) 727-4201  
Commissioner  
Department of Corporations and  
Taxation  
100 Cambridge Street  
Boston, Massachusetts 02202

**MINNESOTA**



Arthur C. Roemer (612) 296-3401  
Commissioner of Revenue  
Department of Revenue  
Centennial Office Building  
St. Paul, Minnesota 55145

**NEW JERSEY**



Sidney Glaser (609) 292-5185  
Director  
Division of Taxation  
Department of Treasury  
West State & Willow Streets  
Trenton, New Jersey 08625

**OHIO**



Edgar L. Lindley (614) 466-2166  
Tax Commissioner  
Department of Taxation  
P. O. Box 530  
Columbus, Ohio 43216

**PENNSYLVANIA**



Milton Lopus (717) 787-3910  
Secretary of Revenue  
Department of Revenue  
207 Finance Building  
Harrisburg, Pennsylvania 17127

**TENNESSEE**



Jayne Ann Woods (615) 741-2461  
Commissioner  
Department of Revenue  
Andrew Jackson State Office Building  
Nashville, Tennessee 37242

**WEST VIRGINIA**



David C. Hardesty Jr. (304) 348-2501  
State Tax Commissioner  
State Tax Department  
Charleston, West Virginia 25305

## TAX ADMINISTRATORS, NON-MEMBER STATES

- |   |  |
|---|--|
| <p>Gerald J. Heffernan (203) 566-7120<br/> <i>Commissioner</i><br/>                     Tax Department<br/>                     92 Farmington Avenue<br/>                     Hartford, Connecticut 06115</p>   | <p>Lloyd M. Price (603) 271-2191<br/> <i>Commissioner</i><br/>                     Department of Revenue Administration<br/>                     19 Pillsbury Street<br/>                     Concord, New Hampshire 03301</p>   |
| <p>John L. Sullivan (302) 571-3315<br/>                     Director of Revenue<br/>                     Department of Finance<br/>                     Wilmington State Office Bldg.<br/>                     9th &amp; French Sts.<br/>                     Wilmington, Delaware 19899</p>      | <p>James H. Tully, Jr. (518) 457-2244<br/> <i>Commissioner</i><br/>                     New York State Department of<br/>                     Taxation and Finance<br/>                     Albany, New York 12227</p>   |
| <p>Kenneth Back (202) 629-2337<br/>                     Director of Finance &amp; Revenue<br/>                     District of Columbia<br/>                     Room 4136 Municipal Center<br/>                     300 Indiana Avenue, N.W.<br/>                     Washington, D.C. 20001</p> | <p>Mark Lynch (919) 733-7211<br/>                     Secretary of Revenue<br/>                     Department of Revenue<br/>                     P. O. Box 25000<br/>                     Raleigh, North Carolina 27640</p>  |
| <p>Harry Coe (904) 488-5050<br/>                     Executive Director<br/>                     Florida Department of Revenue<br/>                     102 Carlton Building<br/>                     Tallahassee, Florida 32304</p>  | <p>James E. Walker (405) 521-3115<br/>                     Chairman<br/>                     State Tax Commission<br/>                     The M. C. Connors Building<br/>                     2501 N. Lincoln<br/>                     Oklahoma City, Oklahoma 73194</p>                  |
| <p>Robert M. Whiter (217) 782-6330<br/>                     Director<br/>                     Illinois Department of Revenue<br/>                     P. O. Box 3681<br/>                     Springfield, Illinois 62708</p>   | <p>John H. Norberg (401) 277-3050<br/>                     Tax Administrator<br/>                     Division of Taxation<br/>                     Department of Administration<br/>                     289 Promenade Street<br/>                     Providence, Rhode Island 02908</p> |
| <p>Donald H. Clark* (317) 633-6842<br/>                     Commissioner of Revenue<br/>                     Indiana Department of Revenue<br/>                     202 State Office Building<br/>                     Indianapolis, Indiana 46204</p>  | <p>Robert C. Wasson (803) 758-2691<br/>                     Chairman<br/>                     Tax Commission<br/>                     Box 125<br/>                     Columbia, South Carolina 29214</p>  |
| <p>Gerald D. Bair (515) 281-3204<br/>                     Director<br/>                     Iowa Department of Revenue<br/>                     Lucas State Office Building<br/>                     Des Moines, Iowa 50319</p>   | <p>R. Paul Wickes (802) 828-2505<br/>                     Commissioner of Taxes<br/>                     Department of Taxes<br/>                     Pavilion Office Building<br/>                     Montpelier, Vermont 05602</p>  |
| <p>Maurice P. Carpenter (502) 564-3226<br/>                     Commissioner<br/>                     Department of Revenue<br/>                     State Office Building<br/>                     Frankfort, Kentucky 50401</p>   | <p>William H. Forst (804) 786-8968<br/>                     State Tax Commissioner<br/>                     Commonwealth of Virginia<br/>                     Department of Taxation<br/>                     Richmond, Virginia 23215</p>   |
| <p>Raymond L. Halperin (207) 289-2076<br/>                     State Tax Assessor<br/>                     Bureau of Taxation<br/>                     State Office Building<br/>                     Augusta, Maine 04333</p>  | <p>Dennis J. Conta (608) 266-1611<br/>                     Secretary of Revenue<br/>                     Department of Revenue<br/>                     201 E. Washington Ave.<br/>                     Madison, Wisconsin 53702</p>   |
| <p>Charles R. Brady (601) 354-6255<br/>                     Chairman<br/>                     Tax Commission<br/>                     Woolfolk State Office Building<br/>                     Jackson, Mississippi 39205</p>  | <p>Rudolph Anselmi (307) 777-7307<br/>                     Chairman<br/>                     Wyoming Tax Commission and<br/>                     Board of Equalization<br/>                     2200 Carey Avenue<br/>                     Cheyenne, Wyoming 82001</p>                     |

\*MTC Chairman, July 1, 1974-June 30, 1975

# REPORT OF THE EXECUTIVE DIRECTOR

## I. MTC WINS U.S. SUPREME COURT CASE

As this report goes to press, we have just received notice that the U.S. Supreme Court has ruled in favor of the Multistate Tax Commission in the case of *U.S. Steel et al. v. Multistate Tax Commission et al.*<sup>1</sup>

The main questions were: 1) Is the MTC a legal entity unless Congress specifically consents to its existence; and 2) Does the MTC have the right to pursue its joint audit program on behalf of member states? A 7-2 majority of the Court responded favorably to the MTC on these and all other issues which had been raised by the appellant corporations.

The February 21, 1978 decision has made available to states and corporate taxpayers alike the opportunity to work together through the Commission toward improved tax administration procedures. It is important that both groups pursue this goal together. The alternative could be federal legislation which would be restrictive on both.

## II. MEMBERSHIP

As of July 1, 1977, the Commission had 19 Member States and 12 Associate Member States. During Fiscal 1977, Indiana and Wyoming withdrew from the Compact; and Oklahoma withdrew as an Associate Member.

## III. UNIFORM REGULATIONS

The Multistate Tax Commission approved Uniform Allocation and Apportionment Regulations on September 10, 1971. On February 21, 1973, it approved a slightly revised version. Indiana and North Carolina have adopted the former. The latter have been officially adopted by Alaska, Arkansas, California (except as to dividends), Colorado, Idaho, Missouri, Montana, Nebraska (excludes examples), New Mexico, North Dakota, Oregon and Utah. The 1973 regulations are also being substantially followed by Alabama, Kansas, Kentucky and Maine. Thus, the regulations are generally followed by some 18 states, which constitute some 40% of those imposing corporate income taxes. Furthermore, Texas is applying the regulations to its Franchise Tax to the extent possible.

## IV. UNIFORM SALES & USE TAX CERTIFICATE

Thirty-six states accept the uniform certificate. That is some 80% of those states which impose such taxes. The form of the certificate and the names of the thirty-six states appear at Appendix A of this Report.

## V. AUDIT ACTIVITIES

As of July 1, 1977, the staff consisted of nine auditors. These included the audit coordinator, five senior auditors and three junior auditors. Three were located in New York and six in Chicago. During the year, audit recommendations totalling nearly \$10 million were forwarded to the states at a total cost of \$375,626. The states generally collect even more than the amount recommended. The reason is that penalties and interest also usually apply to audit assessments.

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<sup>1</sup>U.S. Supreme Court No. 76-635.



## VI. LITIGATION

The U.S. Steel decision was by far the most important litigation in which the Commission was involved during Fiscal 1977. Nevertheless, the Commission was also, during the year, participating in or preparing to participate in several other cases. They included three cases in which business v. nonbusiness questions and the applicability of the unitary business concept were involved:

1. *ASARCO, Inc. v. Montana Department of Revenue*, 267 P. 2d 901.
2. *ASARCO, Inc. v. Idaho State Tax Commission*, Idaho Supreme Court Docket No. 12198.
3. *W. R. Grace & Co. v. Montana Department of Revenue*, 567 P. 2d 913.

Two other cases involved only business v. nonbusiness questions:

4. *Montgomery Ward & Co. v. Wooten, Director, Arkansas Department of Finance and Administration*, Chancery Court, Pulaski County.
5. *Atlantic Richfield Co. v. Dolan*, Civil Action No. C-64669, Colorado District Court for City of Denver.

An Iowa Case involved the constitutionality of that state's single factor apportionment formula:

6. *Moorman Mfg. Co. v. Bair, Iowa Director of Revenue*, 254 N.W. 2d 737.

An Illinois case tested the validity of sales attribution rules of that state:

7. *G.T.E. Automatic Electric v. Allphin, Director of Revenue*, 369 N.E. 2d 841.

And a North Dakota case tested the right of that state's tax commissioner to examine all state tax returns filed anywhere by the taxpayer in determining the accuracy of returns filed with his state:

8. *Dorgan v. Cargill, Inc.*, Docket No. 25619. District Court of North Dakota for Burleigh County.

## VII. CONCLUSION

As Fiscal 1977 ended, the Commission was preparing for the anticipated favorable decision in the *U.S. Steel* case. That decision was expected to give new impetus to the efforts of the Commission and its member states to achieve increased uniformity in state tax administration procedures and increasingly equitable taxation of multistate income.

## APPORTIONMENT OF 1977-78 BUDGET

State	1974-75 #Revenues under Compact	% to Total	*Appor- tioned Share of 10%	*Appor- tioned Share of 90%	Total Share of 1977-78 Budget
Alaska	\$ 115,423,200.	.6810	\$ 1,165.00	\$ 1,356.65	\$ 2,521.65
Arkansas	391,660,885.	2.3108	1,165.00	4,603.46	5,768.46
California	7,190,203,000.	42.4230	1,165.00	84,512.98	85,677.98
Colorado	562,259,995.	3.3174	1,165.00	6,608.76	7,773.76
Hawaii	440,141,865.	2.5969	1,165.00	5,173.42	6,338.42
Idaho	224,582,934.	1.3251	1,165.00	2,639.80	3,804.80
Kansas	516,786,161.	3.0491	1,165.00	6,074.26	7,239.26
Michigan	2,359,747,563.	13.9228	1,165.00	27,736.31	28,901.31
Missouri	784,333,283.	4.6277	1,165.00	9,219.07	10,384.07
Montana	110,701,206.	.6531	1,165.00	1,301.07	2,466.07
Nebraska	247,501,000.	1.4603	1,165.00	2,909.14	4,074.14
Nevada	100,543,821.	.5932	1,165.00	1,181.74	2,346.74
New Mexico	329,996,000.	1.9470	1,165.00	3,878.72	5,043.72
North Dakota	162,503,754.	.9588	1,165.00	1,910.07	3,075.07
Oregon	529,652,000.	3.1250	1,165.00	6,225.47	7,390.47
South Dakota	77,116,673.	.4550	1,165.00	906.43	2,071.43
Texas	1,629,203,866.	9.6125	1,165.00	19,149.54	20,314.54
Utah	318,965,184.	1.8820	1,165.00	3,749.23	4,914.23
Washington	857,499,000.	5.0593	1,165.00	10,078.88	11,243.88
	\$16,948,821,390.	100.0000	\$22,135.00	\$199,215.00	\$221,350.00

#For fiscal year ending June 30, 1975

\*10% in equal shares; 90% on the basis of tax revenue

**RHODE, TITCHENAL, BAUMANN & SCRIPTER**  
CERTIFIED PUBLIC ACCOUNTANTS  
NEW BRITAIN BUILDING  
1101 ARAPAHOE  
BOULDER, COLORADO 80302  
TELEPHONE 444-0471

RONALD H. RHODE, C. P. A.  
RUDI D. BAUMANN, C. P. A.  
LARRY L. SCRIPTER, C. P. A.  
A. W. SCHONE, C. P. A.  
B. W. TITCHENAL, C. P. A. RETIRED

MEMBERS OF THE  
AMERICAN INSTITUTE AND  
THE COLORADO SOCIETY OF  
CERTIFIED PUBLIC ACCOUNTANTS

Multistate Tax Commission  
Boulder, Colorado

We have examined the balance sheet of Multistate Tax Commission at June 30, 1977 and the related statements of changes in fund balance, revenue and incurred expense and changes in financial position for the year then ended. 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 considered necessary in the circumstances.

In our opinion, the financial statements referred to above present fairly the financial position of Multistate Tax Commission at June 30, 1977 and the results of its operations, changes in fund balance, and changes in financial position for the year then ended in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

*Rhode, Titchenal, Baumann & Scripter*  
Rhode, Titchenal, Baumann & Scripter  
Certified Public Accountants

October 25, 1977

## MULTISTATE TAX COMMISSION

BALANCE SHEET  
June 30, 1977

ASSETS

CURRENT ASSETS		
Cash		\$ 25
Certificates of deposit		150,000
Assessments receivable (net of allowance for doubtful assessments amounting to \$31,500)		<u>81,498</u>
TOTAL CURRENT ASSETS.....		231,523
PROPERTY AND EQUIPMENT		
Office furniture and equipment	\$30,675	
Less accumulated depreciation	<u>16,071</u>	\$ 14,604
Leasehold improvements	956	
Less accumulated amortization	<u>854</u>	<u>102</u>
TOTAL PROPERTY AND EQUIPMENT.....		14,706
OTHER ASSETS		
Expense account advances	3,900	
Deposits	1,621	
Prepaid and unamortized past service pension costs		<u>10,528</u>
TOTAL OTHER ASSETS.....		<u>16,049</u>
TOTAL ASSETS.....		<u>\$262,278</u>

LIABILITIES AND FUND BALANCE

CURRENT LIABILITIES		
Demand deposit over draft		\$ 2,434
Accounts payable		7,912
Payroll taxes payable		6,705
Accrued retirement provision		<u>9,543</u>
TOTAL LIABILITIES.....		26,594
FUND BALANCE - Exhibit B		
Reserve for employees' retirement	\$ 15,877	
Unappropriated fund balance	<u>219,807</u>	
TOTAL FUND BALANCE.....		<u>235,684</u>
TOTAL LIABILITIES AND FUND BALANCE.....		<u>\$262,278</u>

See accompanying notes to financial statements.

## MULTISTATE TAX COMMISSION

STATEMENT OF CHANGES IN FUND BALANCE  
For the year ended June 30, 1977

	<u>Reserve for Employees' Retirement</u>	<u>Unappropriated Fund Balance</u>	<u>Total Fund Balance</u>
BALANCE - June 30, 1976:			
As previously reported	\$ 15,877	\$ 202,773	\$218,650
Adjustment - Note 4	<u>          -</u>	<u>      (1,736)</u>	<u>      (1,736)</u>
BALANCE AS RESTATED.....	15,877	201,037	216,914
Excess of revenue over incurred expense - Exhibit C	<u>          -</u>	<u>          18,770</u>	<u>          18,770</u>
BALANCE - June 30, 1977.....	<u>\$ 15,877</u>	<u>\$ 219,807</u>	<u>\$235,684</u>

See accompanying notes to financial statements.

## MULTISTATE TAX COMMISSION

STATEMENT OF REVENUE AND INCURRED EXPENSE  
For the year ended June 30, 1977

REVENUE		
Assessments		\$567,350
Interest		14,431
Other revenue		<u>1,500</u>
TOTAL REVENUE.....		583,281
INCURRED EXPENSE		
Salaries	\$324,675	
Insurance - employees	21,301	
Pension plan and retirement provision	51,155	
Travel - staff	68,512	
Travel - other	936	
Insurance - general	742	
Rent	34,842	
Office supplies	4,217	
Postage	4,554	
Printing	14,475	
Telephone	16,647	
Publications	2,871	
Conferences, committee meetings and hearings	2,611	
Accounting	2,716	
Legal and actuary fees	9,733	
Depreciation and amortization	3,618	
Miscellaneous expense	<u>906</u>	
TOTAL INCURRED EXPENSE.....		<u>564,511</u>
EXCESS OF REVENUE OVER INCURRED EXPENSE.....		<u>\$ 18,770</u>

See accompanying notes to financial statements.

## MULTISTATE TAX COMMISSION

STATEMENT OF CHANGES IN FINANCIAL POSITION  
For the year ended June 30, 1977

## SOURCES OF WORKING CAPITAL

## From Operations:

Excess of revenue over incurred expenses - Exhibit C		\$ 18,770
Add charges to operations not requiring the use of working capital:		
Depreciation and amortization	\$3,618	
Pension plan past service costs paid in prior years and expensed currently	<u>6,172</u>	9,790
Less credits to operations not providing working capital:		
Current year assessments paid in prior year		<u>22,106</u>
Total Provided by Operations.....		<u>6,454</u>
Decrease in rental deposits		<u>653</u>
TOTAL SOURCES OF WORKING CAPITAL.....		<u>7,107</u>

## USES OF WORKING CAPITAL

Purchase of office equipment	8,182	
Expense account advances	<u>1,200</u>	
TOTAL USES OF WORKING CAPITAL.....		<u>9,382</u>

NET DECREASE IN WORKING CAPITAL..... 2,275

Working Capital (restated) - June 30, 1976 207,204WORKING CAPITAL - June 30, 1977..... \$204,929

## CHANGES IN COMPONENTS OF WORKING CAPITAL REPRESENTED BY:

Decrease (Increase) in Current Assets:		
Cash		\$ 57,655
Certificates of deposit		(20,000)
Assessments receivable		(37,326)
Prepaid expense		726
Increase (Decrease) in Current Liabilities:		
Operating account overdraft		2,434
Accounts payable		(10,524)
Payroll taxes payable		956
Accrued retirement provision		<u>8,354</u>

NET DECREASE IN WORKING CAPITAL..... \$ 2,275

See accompanying notes to financial statements.

MULTISTATE TAX COMMISSION

NOTES TO FINANCIAL STATEMENTS

June 30, 1977

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Multistate Tax Commission was organized in 1967. It was established under the Multistate Tax Compact which by its terms became effective August 4, 1967. The basic objective of the "Compact", and accordingly the Commission, is to provide solutions and additional facilities for dealing with state taxing problems related to multistate business.

The following accounting policies, together with those disclosed elsewhere in the financial statements, represent the significant accounting policies followed in presenting the accompanying financial statements.

(a) Method of Accounting

The Commission uses the accrual method of accounting whereby assessment revenue is recognized in the fiscal year of assessment. Contributions by states for specified purposes are recognized as income during the year of receipt. Other earned revenue is recognized as it is earned. Expenses are recognized as they are incurred.

(b) Property and Equipment

All property and equipment is recorded at cost. Depreciation is provided for on the straight-line basis over the estimated useful lives of the assets. Amortization of leasehold improvements is provided for on the straight-line basis over the term of the lease.

(c) Allowance for Doubtful Assessments

An allowance for doubtful assessments is provided in amounts required to maintain an adequate allowance for anticipated losses.

NOTE 2 - INCOME TAXES

In the opinion of legal counsel, the Commission is exempt from Federal income tax as well as from other Federal taxes as an organization of a group of States or as an instrumentality of those States. Therefore, no provision has been made in the financial statements for Federal income taxes.



MULTISTATE TAX COMMISSION

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
June 30, 1977

NOTE 3 - PENSION PLAN

The Commission has a defined benefit pension plan covering substantially all of its employees. The total pension expense for the year was \$51,155, which includes amortization of prior service costs over 10 years. The Commission's policy is to fund pension cost accrued. The actuarially computed value of vested benefits as of June 30, 1977, is fully funded. A change from 20 years to 10 years in the term used in amortizing past service costs of the plan had the effect of reducing the excess of revenue over incurred expense for the year by approximately \$5,900.

The Commission also accrues 14% of the gross salaries of the personnel on leave of absence from State taxing authorities. Contributions are made to their respective plans if employment with the Commission is terminated and the employee returns to State employment before the expiration of the leave of absence. The current year's accrual and corresponding expense attributable to State employees on leave of absence amounted to \$1,652.00 which is included in the total pension expense aforementioned.

Actuarially determined normal pension plan costs for the year ending June 30, 1978 are \$58,487 based upon covered payroll at June 30, 1977.

NOTE 4 - PRIOR PERIOD ADJUSTMENT

The unappropriated fund balance at June 30, 1976, has been adjusted downwards by \$1,736 and restated from amounts previously reported to reflect the following:

- (1) A retroactive charge for disputed legal fees which were incurred during the fiscal year ended June 30, 1976, and settled in the current year for \$13,250; and
- (2) A retroactive credit for the cumulative overstatement of the pension and retirement provision of prior years in the amount of \$11,514.

Had the above been reflected in operations for the year ended June 30, 1976, the excess of incurred expense over revenue for the year then ended would have been \$20,346 rather than \$18,610 as previously reported.

MULTISTATE TAX COMMISSION

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 1977

NOTE 5 - COMMITMENTS

The Commission rents its primary office facilities in Boulder, Colorado, and secondary office facilities in New York, Illinois and Washington under lease agreements with terms expiring on various dates through January 1, 1982. These leases, and a lease entered into October 1, 1977 for secondary office facilities in Washington, D.C. provide for the following minimum annual rentals exclusive of utility charges:

<u>Fiscal Year Ended</u>	<u>Minimum Annual Rental</u>
June 30, 1978	\$16,756
June 30, 1979	18,273
June 30, 1980	16,651
June 30, 1981	7,528
June 30, 1982	<u>6,157</u>
	<u>\$65,365</u>

Rental expense including utilities for the fiscal year ended June 30, 1977 amounted to \$34,842.

**APPENDIX A**

**UNIFORM SALES & USE TAX CERTIFICATE FORM**

**SALES AND USE TAX CERTIFICATE  
MULTI-JURISDICTION**

(See reverse side for instructions)

Resale to (Seller) \_\_\_\_\_ Address \_\_\_\_\_

I certify that (Name of Firm (Buyer)) \_\_\_\_\_ is engaged as a registered

Wholesaler  
 Retailer  
 Manufacturer  
 Lessor (See note on reverse side)  
 Other (Specify) \_\_\_\_\_

Street Address or P. O. Box No. \_\_\_\_\_

City \_\_\_\_\_ State \_\_\_\_\_ Zip Code \_\_\_\_\_

and is registered with the below listed states and cities within which your firm would deliver purchases to us and that any such purchases are for wholesale, resale, ingredients or components of a new product to be resold, leased or rented in the normal course of our business. We are in the business of wholesaling, retailing, manufacturing, leasing (renting) the following:

City or State _____	State Registration or ID No. _____	City or State _____	State Registration or ID No. _____
City or State _____	State Registration or ID No. _____	City or State _____	State Registration or ID No. _____
City or State _____	State Registration or ID No. _____	City or State _____	State Registration or ID No. _____

I further certify that if any property so purchased tax free is used or consumed by the firm as to make it subject to a Sales or Use Tax we will pay the tax due direct to the proper taxing authority when state law so provides or inform the seller for added tax billing. This certificate shall be part of each order which we may hereafter give to you, unless otherwise specified, and shall be valid until canceled by us in writing or revoked by the city or state.

General description of products to be purchased from the seller \_\_\_\_\_

Under penalties of perjury, I swear or affirm that the information on this form is true and correct as to every material matter.

Authorized Signature (Owner, Partner or Corporate Officer) \_\_\_\_\_ Title \_\_\_\_\_ Date \_\_\_\_\_

(Reverse Side)

**TO OUR CUSTOMERS**

In order to comply with the majority of state and local sales tax law requirements, it is necessary that we have in our files a properly executed exemption certificate from all of our customers who claim sales tax exemption. If we do not have this certificate, we are obligated to collect the tax for the state in which the property is delivered.

If you are entitled to sales tax exemption, please complete the certificate and send it to us at your earliest convenience. If you purchase tax free for a reason for which this form does not provide, please send us your special certificate or statement.

This form of certificate has been determined to be acceptable to the following states:

Alabama	Maine	Rhode Island
Alaska	Massachusetts	South Carolina
Arizona	Maryland	South Dakota
Arkansas	Michigan	Tennessee
Colorado	Minnesota	Texas
Connecticut	Missouri	Utah
Dist. of Columbia	Nebraska	Vermont
Georgia	Nevada	Washington
Idaho	New Mexico	Wisconsin
Illinois	North Dakota	West Virginia
Iowa	Oklahoma	Wyoming
Kansas	Pennsylvania	

**NOTE:** Arizona law provides that a seller will be held liable for sales tax due on any sales with respect to which an exemption certificate is found to be invalid, for whatever reason.

Illinois, Iowa, and South Dakota do not have an exemption on sales of property for subsequent lease or rental.

**CAUTION TO SELLER:** In order for the certificate to be accepted in good faith by the seller, the seller must exercise due care that the property being sold is of a type normally sold wholesale, resold, leased, rented, or utilized as an ingredient or component part of a product manufactured by the Buyer in the usual course of his business. A seller failing to exercise due care could be held liable for the sales tax due in some states or cities.

Misuse of this certificate by the seller, lessor, buyer, lessee, or the representative thereof may be punishable by fine, imprisonment or loss of right to issue certificates in some states or cities.

**AGREEMENT  
ON  
EXCHANGE OF SALES AND USE TAX INFORMATION**

In the interest of furthering the mutual interests of the undersigned states represented by the undersigned officials through benefits which can be derived from the exchange of information among said states, each of said officials does hereby enter into the following Agreement for the exchange of information with every other undersigned official.

The undersigned hereby mutually agree to exchange information, to the full extent permitted by their respective laws, in accordance with the terms and limitations below:

1. For the purposes of this Agreement, sales tax includes general excise and/or gross receipt taxes and means a tax imposed on a sale or exchange of personal property and/or services, as well as on gross receipts from trade or business; and use tax means a tax other than ad valorem tax, on the privilege of storing, using or consuming personal property and/or services.
2. This Agreement shall be applicable with respect to:
  - a. The inspection of sales and use tax returns of any taxpayer, and
  - b. The furnishing of an abstract or the exchange of computer information regarding the sales or use tax return of any taxpayer; and
  - c. The furnishing of any information concerning any items contained in any sales or use tax return of any taxpayer; and
  - d. The furnishing of any information disclosed by the report of any investigation of the sales or use tax return of any taxpayer.
3. For purposes of this Agreement, "taxpayer" includes any individual, corporation, partnership, organization, association, fiduciary, person or other entity, subject to payment or collection and remittance of sales or use tax or required to file a sales or use tax return.
4. This Agreement is not limited to a specific period of time or to returns, documents or information relating to any specific years or periods; and it will be considered to be in effect until revoked by one of the parties; however, the withdrawal of one party hereto shall not affect the Agreements among the remaining parties.
5. Additions and changes, including definitions, in the provisions of this Agreement, may be made by mutual consent of the proper officials of the undersigned states, and shall become an attachment to this Agreement.
6. No information obtained pursuant to this Agreement shall be disclosed to any person not authorized to receive such information by the laws of the undersigned states.
7. The information obtained pursuant to this Agreement shall be used only for the purpose of administration, and enforcement of the sales and use tax laws of the undersigned states.
8. This written Agreement shall not become effective between any two states until the authorized officials for both such states have signed it in the space provided below.
9. This written Agreement is not intended to revoke or supersede any other similar agreement that may have been previously entered into between any two or more of the states represented below.
10. The undersigned agree to inform each other of the current statutory provisions of their respective states concerning the confidentiality of the material exchanged and the penalties for unlawful disclosure thereof.

## APPENDIX B

11. Any of the undersigned state officials may, at their discretion, refuse to furnish information disclosed in the report of any investigation while such investigation is still in progress or during such time as litigation is contemplated or in process, if the official of the state making the investigation deems it in the best interests of his state for such information to be withheld pending final determination of litigation.
12. Each of the undersigned state officials hereby affirms that he is the proper official charged with the administration of the sales and use tax laws of his state.

This Agreement may be executed in counterparts, all of which taken together shall be deemed one original Agreement.

The above agreement has been executed by the following states under the information sharing authority granted by their statutes. The execution of the Agreement by these states constitutes the equivalent of 274 individual agreements.

### SIGNATORY STATES

Arkansas	Mississippi
California	Missouri
Colorado	Montana
Georgia	Nebraska
Idaho	North Dakota
Indiana	Pennsylvania
Iowa	South Dakota
Kansas	Tennessee
Louisiana	Texas
Massachusetts	Utah
Michigan	Washington
Minnesota	Wyoming