



Lindsey M. Stepp
Commissioner

State of New Hampshire Department of Revenue Administration

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Ora M. LeMere
Assistant Commissioner

October 28, 2024

His Excellency, Governor Christopher T. Sununu
and the Honorable Council
State House
Concord, New Hampshire 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) in the amount of \$14,195 upon Governor and Council approval. This is for membership in the Nexus Program as an Associate Member, effective July 1, 2024 through June 30, 2025.
100% General Funds

Funding is available in the following account:

01-84-84-840510-1301, Audit Division, Department of Revenue Administration

026-500251 Membership Fees	FY 2025	\$14,195.00
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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. This request is **retroactive** due to the billing cycle of the MTC. 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. Additionally, 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.

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and the Honorable Council

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 and 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 and is your agency the sole New Hampshire state agency that is a member?

At various membership levels, 48 states are members of the MTC. Thirty-seven states participate in the National Nexus Program. The Department of Revenue Administration is the sole New Hampshire agency that is a MTC member.

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

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 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 the 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 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.

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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? (Indicate if they are members, voting members, committee members, and/or officers of the organization)

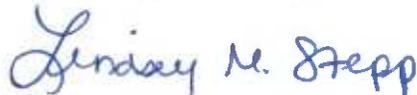
The agency as a whole is considered a member. Likely direct communications will occur with: Lindsey Stepp, Commissioner; Frederick Coolbroth Jr., Director of Audit and Robert LaBrecque, Assistant Director of Audit.

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,



Lindsey M. Stepp
Commissioner of Revenue Administration

RECEIVED

OCT 28 2024

ADMIN. DEPT.
NH DRA

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

www.mtc.gov



MULTISTATE TAX COMMISSION

October 9, 2024

Lindsey M. Stepp, Commissioner
New Hampshire Dep't of Revenue Administration
P.O. Box 457
109 Pleasant Street
Concord, New Hampshire 03301

Dear Commissioner Stepp:

Lindsay

Enclosed with this letter is the annual invoice for the Multistate Tax Commission's Joint Audit Program fee, and National Nexus Program fee for FY 2025. The amounts are based on the fees as approved by the MTC Executive Committee during its meeting on May 2, 2024, and ultimately approved at the Commission's annual meeting on July 31, 2024.

The Executive Committee approved a Joint Audit Program base audit fee for FY 2025 of \$235,500 for two-tax participating states. And for the National Nexus Program, the Executive Committee approved a total FY 2025 fee of \$1,026,046.

While amounts returned can vary year to year and state to state, FY 2024 was a productive one for the Joint Audit and National Nexus Programs. For FY 2024, recommended assessments by the audit program for participating states exceeded \$300 million (not counting NOL, tax credit, and refund reductions of more than \$2.2 million) and collections for states participating in the nexus program exceeded \$28 million (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 briefly describes 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 audit fees support the audit services provided to states through the Joint Audit Program.

Overall audit fees are set on a reimbursement basis to cover the costs of operating of the program as required by Article VIII of the Multistate Tax Compact. They are distributed among the states by a schedule approved by the Executive Committee. The distribution of the fees among participating states is based on a long-range schedule of fee changes adopted in May 1991.

States participating in both income and sales tax audits pay a base fee amount that is equal for each state and is based on a cost reimbursement method. States participating in only income or sales tax audits pay an amount equal to 60 percent of the base fee amount for participating in both types of audits. States that are not compact or sovereignty members also pay an additional 20 percent general

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operations support surcharge. Those participating states which are among the 10 smallest states by population (and the District of Columbia) have their audit fees reduced by 10 percent.

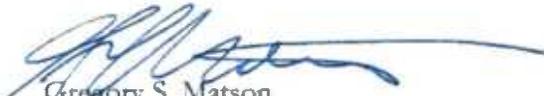
Nexus fees support the compliance activities of the National Nexus Program.

Total nexus fees are set to cover the costs of operating the program (the Commission interprets Article VIII of the Compact limiting reimbursement to costs as applying to any of its compliance programs). The nexus fees are apportioned among 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 (obtained from the Bureau of the Census). States participating in only the income or sales tax aspects of the program pay 60 percent of the equal share, but otherwise pay the 40 percent component just as those participating in both.

Nexus fees are also capped such that no state pays more than five percent of the total program fees. States that are not compact or sovereignty members also pay an additional 20 percent general operations support surcharge.

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,



Gregory S. Matson
Executive Director

Encl



MULTISTATE TAX COMMISSION

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

www.mtc.gov

October 16, 2024

STATE OF NEW HAMPSHIRE

INVOICE

Fiscal Year: July 1, 2024 through June 30, 2025

National Nexus Program Fee	\$14,195
Audit Fee is attached separately	

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.

For ACH:
Sandy Spring Bank
Routing Number: 055001096
Account Number: 1798734001

Finance Contact:
Regan Mahoney, Finance and Administration Officer
Multistate Tax Commission
rmahoney@mtc.gov
202-660-1856