

**DEPARTMENT OF TAXATION  
2015 Fiscal Impact Statement**

1. **Patron** Glenn R. Davis

3. **Committee** House Finance

4. **Title** Membership in the Multistate Tax Commission

2. **Bill Number** HB 1624

**House of Origin:**

  X   **Introduced**

       **Substitute**

       **Engrossed**

**Second House:**

       **In Committee**

       **Substitute**

       **Enrolled**

**5. Summary/Purpose:**

This bill would require the Department of Taxation ("the Department") to take the steps necessary for Virginia to become an associate member of the Multistate Tax Commission. This bill would also require the Department to participate in all available Multistate Tax Commission discussions and meetings concerning model legislation and uniform tax policies that could impact Virginia.

The effective date of this bill is not specified.

**6. Budget amendment necessary:** Yes.

ITEM(S): 272, Department of Taxation

**7. Fiscal Impacts are:** Preliminary (See Line 8.)

**8. Fiscal implications:**

Administrative Costs

While there is no cost for a state to join the Multistate Tax Commission as an associate member, there would be a minimal travel cost to attend the meetings required by this bill. This cost would not exceed \$20,000 annually, depending on the location and frequency of the meetings.

Revenue Impact

This bill would have no General Fund revenue impact.

**9. Specific agency or political subdivisions affected:**

Department of Taxation

**10. Technical amendment necessary:** No.

## 11. Other comments:

### Multistate Tax Commission

The Multistate Tax Commission was created in 1967 by the Multistate Tax Compact, a binding multistate agreement, the purposes of which are to:

- Facilitate the proper determination of state and local tax liability of multistate taxpayers, including the equitable apportionment of tax bases and settlement of apportionment disputes;
- Promote uniformity or compatibility in significant components of tax systems;
- Facilitate taxpayer convenience and compliance in the filing of tax returns and in other phases of tax administration; and
- Avoid duplicative taxation.

The Multistate Tax Commission is an intergovernmental state tax agency that works on behalf of states and taxpayers to carry out the above aims of the Multistate Tax Compact.

The Multistate Tax Commission has three levels of membership: compact, sovereignty, and associate. Compact members are states that have enacted the Multistate Tax Compact into state law. These states govern the Multistate Tax Commission. Sovereignty members are states that support the purposes of the Multistate Tax Compact through regular participation in, and financial support for, the general activities of the Multistate Tax Commission. Compact and sovereignty members are required to pay membership fees. The amount of the membership fees for each state vary depending on a state's proportionate share of the combined income taxes, capital stock taxes, gross receipts taxes, and sales and use taxes collected by each member state.

Associate members are states that participate in Multistate Tax Commission meetings and otherwise consult and cooperate with the Multistate Tax Commission and its other member states or, as project members, participate in Multistate Tax Commission programs or projects. Associate members are not required to pay membership fees.

Forty-seven states and the District of Columbia are currently members of the Multistate Tax Commission. Twenty-five of the member states are associate members. Virginia, Delaware, and Nevada are the only states that are not currently members of the Multistate Tax Commission in any capacity.

### Proposed Legislation

This bill would require the Department to take the steps necessary for Virginia to become an associate member of the Multistate Tax Commission. This bill would also require the Department to participate in all available Multistate Tax Commission discussions and meetings concerning model legislation and uniform tax policies that could impact Virginia.

The effective date of this bill is not specified.

cc : Secretary of Finance  
Date: 1/20/2015 MTH  
HB1624F161