

**Resolution One
Host State Appreciation**

WHEREAS, this Seventieth Annual Meeting of the Federation of Tax Administrators, held in Nashville, Tennessee, was a professionally stimulating and educational conference, and

WHEREAS, the success of the conference depends heavily on the guidance and participation of the Host Committee, and

WHEREAS, the greatest care and attention was paid to the delegates and guests of the Seventieth Annual Meeting, and

WHEREAS, the Annual Meeting ran with great efficiency and order, and

WHEREAS, the Annual Meeting provided a rewarding and enjoyable time for all, and

WHEREAS, none of this would have been possible without the leadership and help of Commissioner Ruth Johnson, Host Committee leader Loren Chumley and the Host Committee, now, therefore, be it

Resolved, that the delegates and guests in attendance at this Seventieth Annual Meeting extend their sincere thanks and appreciation to Commissioner Johnson, Committee leader Chumley and all the members of the Host Committee for the time they devoted to furthering the common professional goals of all tax administrators.

**Resolution Two
FTA President and Board Appreciation**

WHEREAS, President Gary Viken has dedicated attention to the affairs of the Federation of Tax Administrators during his months in office, and

WHEREAS, President Viken has given freely of his time and energy, and

WHEREAS, the efforts of President Viken have made a notable contribution to the work and operations of FTA, and

WHEREAS, President Viken has facilitated the conduct of the business of the Seventieth Annual Meeting of the Federation of Tax Administrators by his skill and courtesy as presiding officer of the general conference, and

WHEREAS, the president has been ably assisted by First Vice President Ruth Johnson and Second Vice President Steve Cordi, now, therefore, be it

Resolved, that the members of the Federation at this Seventieth Annual Meeting express their personal appreciation and sincere thanks to President Viken, First Vice President Johnson and Second Vice President Cordi on this occasion.

Resolution Three
Gary O'Neil and Richard Milanese, Leadership Award Winners

WHEREAS, the Federation of Tax Administrators has established the FTA Award for Leadership and Service in State Tax Administration, and

WHEREAS, the award is presented annually to an individual who has demonstrated sustained and significant service in the practice and administration of state taxes, and

WHEREAS, the award recognizes and encourages outstanding achievements that advance the field of state taxation and improve the standards and techniques of state tax administration, and

WHEREAS, both Richard Milanese and Gary O'Neil were selected the co-winners of the 2002 Award for Leadership and Service in State Tax Administration, and

WHEREAS, Richard serves as Change Management Executive at the Arizona Department of Revenue, and

WHEREAS, Richard has served in the field of tax administration for 24 years, holding positions of increasing responsibility and serving as assistant director for three diverse divisions, and

WHEREAS, Richard has at one time or another managed all activities of the department except for audit and property tax functions, and

WHEREAS, Richard created the first formal training unit in the department, helped create the department's first automated accounts receivable, transaction privilege tax (sales) and withholding systems, led the program that resulted in the installation of the first automated collection system and helped the agency through the most extensive reorganization and business-reengineering project it has ever undertaken, and

WHEREAS, Gary serves as Assistant Director of the Special Programs Division at the Washington Department of Revenue, and

WHEREAS, Gary has served in the field of tax administration for 33 years, and

WHEREAS, Gary has led the Special Programs Division since its inception in 1987, and

WHEREAS, Gary is responsible for 64 employees and an \$11 million biennial budget, and the programs administered by his division generated more than \$900 million in state and local tax revenues, and

WHEREAS, his efforts at reconciliation led to the 2002 signing of a historic cigarette tax compact between the state of Washington and the Squaxin Island Tribe, the first of its kind, now, therefore, be it

Resolved, that the Federation of Tax Administrators congratulates Richard Milanese and Gary O'Neil on their outstanding achievements and recognizes them as the recipients of the 2002 Award for Leadership and Service in State Tax Administration.

Resolution Four
District of Columbia Office of Tax and Revenue
Recipient of the FTA Award for Outstanding Technology Application

WHEREAS, the District of Columbia Office of Tax and Revenue was awarded the 2002 FTA Outstanding Technology Application Award, and

WHEREAS, the award is made to a state revenue department for the design and implementation of effective technologies for tax administration, and

WHEREAS, created under the leadership of Commissioner Herbert J. Huff, Deputy Chief Financial Officer, the "customer-centric Integrated Tax System" was cited by judges for its ambitious approach, and

WHEREAS, the system includes an Internet-based customer service center; an imaging system to improve data capture and document processing; an integrated tax administration system to manage all levels of taxpayer accounts; a contact tracking system to manage all taxpayer interaction; a decision support system that improves management information to support daily operations; and a data warehouse to match taxpayer information across data sources, and

WHEREAS, this approach could be of value to other state tax agencies, now, therefore, be it

Resolved, that the Federation of Tax Administrators congratulates the District of Columbia Office of Tax and Revenue on winning the 2002 FTA Award for Outstanding Technology Application.

Resolution Five
Wisconsin Department of Revenue
Recipient of the Research Award

WHEREAS, the Wisconsin Department of Revenue was awarded the 2002 Award for Research, and

WHEREAS, the award is made to a state revenue department for a program in tax research demonstrating excellence and importance to tax administration, and

WHEREAS, the Wisconsin Department of Revenue, under the leadership of Secretary Richard Chandler, produced the study "The Tax Benefit, Distribution and Asset Composition of Capital Gains in Wisconsin," and

WHEREAS, the research provides voluminous information on capital gains and losses realized by Wisconsin taxpayers in tax year 1999, and

WHEREAS, this program was cited by the judges for the timeliness of its data and the detailed information available as well as its unique approach of sampling data as returns arrive rather than after they are processed, now, therefore, be it

Resolved, that the Federation of Tax Administrators congratulates the Wisconsin Department of Revenue on winning the FTA 2002 Award for Research.

**Resolution Six
Honoring Former Board Members
Danny Payne and Fred Kiga**

WHEREAS, FTA Board of Trustees members Danny Payne and Fred Kiga recently left the field of state tax administration, and

WHEREAS, both men, through dedicated service and abilities, had important roles in the growth and development of the Federation of Tax Administrators as well as the state tax administration profession generally, now, therefore, be it

Resolved, that FTA expresses its sincere appreciation to these valued colleagues for their contributions to state tax administration.

**Resolution Seven
Honoring Gerald Bair
Outgoing Director of the Iowa Department of Revenue and Finance**

WHEREAS, Gerald Bair has been Director of the Iowa Department of Revenue and Finance for 27 years, and

WHEREAS, Director Bair has spent his entire career at the agency, beginning with what was then the Iowa State Tax Commission in 1965, and

WHEREAS, Director Bair has served as President of the FTA Board of Trustees and has accepted numerous leadership positions with both FTA as well as the Midwestern States Association of Tax Administrators, and

WHEREAS, Director Bair has served as President of the National Tax Association and other public service organizations, and

WHEREAS, Director Bair has devoted his career to improving tax administration, now, therefore, be it

Resolved, that FTA expresses its sincere appreciation to this valued colleague for his friendship and his lifetime contributions to state tax administration.

**Resolution Eight
Use of Standards for 2-D Barcoding**

WHEREAS, the use of two-dimensional barcoding and scanning to automate the capture of tax return data has emerged as a useful alternative filing method, and

WHEREAS, to successfully implement this technology in return processing, states are required to work in partnership with tax software companies because they must incorporate 2-D output capability within the products they provide to taxpayers and practitioners, and

WHEREAS, state revenue agencies and software developers have a mutual interest in ensuring that 2-D technology is implemented in as consistent a manner across states as possible, and

WHEREAS, since 1999 the Federation of Tax Administrators, its member states, and the National Association of Computerized Tax Processors have worked together in public forums to create and maintain important standards guidance on the implementation of 2-D barcode processing capability, and

WHEREAS, this guidance has now been published on the FTA and NACTP Web sites, and through a process of continual revision is made useful to marketplace participants, now, therefore, be it

Resolved, that state tax administrators are encouraged to review, employ and promote the use of consensually developed 2-D barcoding standards and guidance in their implementation of this technology, and be it further

Resolved, that state tax administrators are encouraged to actively participate in the continuing development and maintenance of 2-D barcoding standards as their states move forward with the use of 2-D barcoding.

Resolution Nine

Use of Standards for eXtensible Markup Language (XML)

WHEREAS, eXtensible Markup Language (XML) is a new way to mark and exchange data transferred over the Internet that enables more widespread use of electronic commerce, and

WHEREAS, the use of XML has the potential to assist the tax agencies in extending the reach and richness of their electronic commerce tax programs, and

WHEREAS, state revenue agencies, software developers, and others have a mutual interest in ensuring that XML for tax administration is implemented in as consistent a manner across states as possible, and

WHEREAS, a defined and widely accepted specification for XML has emerged from a World-Wide Web Consortium (W3C), and

WHEREAS, various and distinct user-entities employing this specification have an opportunity to agree on common standards and data vocabularies for its use, and to work in partnership to successfully implement this technology, and

WHEREAS, the Federation of Tax Administrators and the states, through sponsorship of the Tax Information Group for EC Requirements Standardization (TIGERS), have worked together with IRS and others in public forums to develop, maintain and promote standards guidance on the implementation of XML for tax administration, and

WHEREAS, this guidance is available on the FTA Web site, now, therefore, be it

Resolved, that state tax administrators are encouraged to review, employ and promote the use of agreed-upon XML standards and guidance in their implementation of this technology, and be it further

Resolved, that state tax administrators are encouraged to actively participate in the continued development and maintenance of XML standards through participation in the TIGERS XML effort.

Resolution Ten Motor Fuel Administrative Enhancements

WHEREAS, the petroleum industry and state tax agencies desire to operate in the most effective and efficient manner, and

WHEREAS, the states employ different requirements for the reporting of motor fuel tax information as well as different definitions of various terms, and

WHEREAS, the Motor Fuel Tax Uniformity Committee of the FTA Motor Fuel Tax Section has adopted uniform guidelines, forms, reports, definitions, checklists, and schedules for the reporting of motor fuel tax information, now, therefore, be it

Resolved, that states be encouraged to consider the uniform guidelines, forms, reports, definitions, checklists, and schedules adopted by the FTA Motor Fuel Section at its 2001 annual meeting.

Resolution Eleven
Motor Fuel Electronic Submissions

WHEREAS, the petroleum industry and state tax agencies desire to operate in the most effective and efficient manner, and

WHEREAS, the states recognize the potential importance to both industry and the states of the development of the IRS ExFIRS Project; and

WHEREAS, the ExSTARS and ExTOLE components of the project have the potential to provide state-specific data on a more timely basis and to provide it more efficiently through electronic submissions, now, therefore, be it

Resolved, that states be encouraged to fully support the efficiencies that will result from ExFIRS/ExSTARS/ExTOLE programs adopted by the FTA Motor Fuel Section, and be it further

Resolved, that states should consider utilizing the uniform data within ExSTARS to the extent possible and only require industry taxpayers to separately report state-specific data.

Resolution Twelve
Task Force on EDI Audit and Legal Issues for Tax Administration

WHEREAS, the Task Force on EDI Audit and Legal Issues for Tax Administration was established to identify and examine the effect of EDI and related business processes on the tax administration process, and

WHEREAS, the Task Force is composed of representatives of the Council On State Taxation, Institute of Professionals in Taxation, Tax Executives Institute, Multistate Tax Commission, Federation of Tax Administrators and commissioners from several state tax administration agencies, and

WHEREAS, the Task Force has developed, and the FTA Board of Trustees has approved, (1) a model recordkeeping regulation intended to govern taxpayer retention of books and records, particularly electronically generated and retained records, (2) a white paper examining the various issues related to auditing in an electronic environment, (3) a white paper describing the use tax documentation and verification issues involved with

the use of corporate procurement cards, (4) a white paper identifying the tax and documentation issues associated with the use of evaluated receipts settlement processes, (5) a white paper examining sales and use tax compliance agreements, which specify an agreed-upon method for calculating and remitting tax on specified purchases and (6) a model direct payment regulation focusing on the business needs of a taxpayer in determining whether direct pay authority should be granted, and

WHEREAS, the Task Force is currently reviewing issues related to sampling in sales and use tax audits and business-to-business electronic commerce, and

WHEREAS, the FTA Board of Trustees has approved the *Model Recordkeeping and Retention Regulation* as the basic framework for states to follow when addressing the issue of taxpayer retention of electronically generated and retained books and records, and

WHEREAS, the Sales and Use Tax Compliance Agreements (SUTCA) white paper examines agreements between taxing agencies and taxpayers, specifying an agreed-upon method for calculating and remitting tax on specified purchases, and identifying alternative reporting methodologies, best practices, and recommendations for taxpayers and tax authorities to follow when entering into these agreements and,

WHEREAS, each of these efforts is believed to represent an appropriate balance between the interests of tax administrators and taxpayers and will provide a measure of consistency and uniformity for taxpayers and promote effective tax administration, now, therefore, be it

Resolved, that the Federation of Tax Administrators congratulates the participating state and industry Task Force members who devote their time and efforts to examining the issues associated with these projects and to identifying approaches that meet the needs of taxpayers and tax administrators, and be it further

Resolved, that the Federation of Tax Administrators respectfully encourages its members to work with taxpayers in addressing these and other issues related to EDI business processes, and to share experiences and approaches with other states, and be it further

Resolved, that the Federation of Tax Administrators respectfully recommends that its members examine the model regulations and white papers and consider using them as models or starting points when developing their individual laws and policies, and be it further

Resolved, that FTA members are encouraged to continue to actively participate in the work of the Task Force as it continues to examine those electronic business processes that affect the tax administration process.

Resolution Thirteen

Suspicious Filer Exchange of Information Program

WHEREAS, TaxNet Governmental Communications Corporation (TGCC) has been formed to provide network and communication services to state tax agencies to facilitate communication among them and to assist in accomplishment of their missions, and

WHEREAS, TGCC is organized to qualify as an instrumentality of the states within the meaning of Section 115 of the Internal Revenue Code of 1986 and as a public charity exclusively for charitable and educational purposes within the meaning of Sections 501(c)(3) and 509(a)(3) of the Code, and

WHEREAS, in 1996, TGCC made available the Suspicious Filer Exchange of Information Program that was designed to provide a secure, electronic method of exchanging suspicious or potentially fraudulent individual income tax information, and

WHEREAS, a decision was made to use PGP Enterprise Software with its public/private key technology to encrypt, sign, decrypt, and verify e-mail and attachments between participating states, and

WHEREAS, 20 states have signed a Memorandum of Understanding and have agreed to utilize PGP Enterprise Software to exchange Suspicious Filer information via the public Internet, now, therefore, be it

Resolved, that state tax administrators be urged to evaluate and consider participating in the Suspicious Filer Exchange of Information Program.

Resolution Fourteen Compendium of Exemplary Practices

WHEREAS, an important part of the mission of the Federation of Tax Administrators is to facilitate professional learning and knowledge among state tax agency employees, and

WHEREAS, FTA's members have proven themselves to be world leaders in the development of innovative, effective and efficient programs that enhance the profession of tax administration, and

WHEREAS, FTA has established a Compendium of Exemplary Practices, also known as "STEAL-IT," that offers states a forum to spotlight their most admirable programs, and

WHEREAS, the Compendium resides on TaxExchange as a research library where states can either search for existing examples of programs under consideration or simply browse in the search of good ideas, and

WHEREAS, this Compendium is a searchable document, and

WHEREAS, more than 120 programs already have been submitted by state tax agencies to be shared through the Compendium, now, therefore, be it

Resolved, that state tax agencies be thanked for their energetic participation in this program, and be it further

Resolved, that state tax agencies be encouraged to continue submitting programs to the Compendium, and be it further

Resolved, that agencies be urged to review the programs currently listed and to use the Compendium as a resource when considering new enhancements in tax administration.

Resolution Fifteen

Format Standard for Sourcing of Mobile Telecommunications Services

WHEREAS, states and the mobile telecommunications industry both acknowledge the difficulty of assigning a situs to mobile telecommunications services for purposes of imposing transactional taxes, and

WHEREAS, the Mobile Telecommunications Sourcing Act addressed the problem by sourcing all wireless calls to the "place of primary use," which essentially is the customer's residence or business address, and

WHEREAS, the Act provides that each state may provide vendors with an electronic database that designates, for every street address in the state, the appropriate taxing jurisdictions encompassing that address, and designates FTA and MTC to develop and approve a national-standard data format for use in such databases employed by states, and

WHEREAS, FTA and MTC created an eight-state Wireless Task Group to develop and seek American National Standards Institute approval for the development of this standard data format, and

WHEREAS, the American National Standards Institute Accredited Standards Committee X12 has now approved an Electronic Data Interchange-standards based Tax Jurisdiction Sourcing Transaction Set, and a database format derived from this standard has been approved by the FTA Board of Trustees in fulfillment of this task, now, therefore, be it

Resolved, that the FTA/MTC Wireless Task Group be commended for its efforts in this creation of a mobile sourcing data format standard, and be it further

Resolved, that the states and industry are encouraged to employ the standard data format created by the FTA and MTC in compliance with the Mobile Telecommunications Sourcing Act.

This resolution will be in effect until June 2005.

**Resolution Sixteen
Considering All Taxpayers When Developing Services**

WHEREAS, 41 states plus the District of Columbia impose an income tax on individuals, and

WHEREAS, new technologies now allow governments to perform core functions and provide services to taxpayers in improved ways, including the ability to offer forms, instructions, basic guidance and computations via the Internet, and

WHEREAS, this new technology will allow government to perform its core functions in a way that virtually eliminates the common form-completion errors committed by both taxpayers and the government and to eliminate the direct cost to taxpayers of electronically filing their income tax returns, and

WHEREAS, the Internal Revenue Service, at the urging of the Office of Management and Budget, is working with certain private sector electronic filing interests to develop mechanisms that would allow certain taxpayers to electronically file their federal income tax returns without additional cost, and

WHEREAS, certain electronic filing private sector interests have indicated a willingness to offer free state electronic filing to certain taxpayers if state tax agencies discontinue offering their services of forms guidance, fill-in completion and tax calculation via the Internet, now, therefore, be it

Resolved, that state tax administrators assert it is their responsibility to improve the tax agency's delivery of services to all taxpayers in ways that reduce cost, eliminate errors and relieve the burden on taxpayers and also respect taxpayer privacy and security of the data, and be it further

Resolved, state tax administrators believe that state and federal programs offering free electronic filing should be coordinated to provide that the filing experience is as seamless as possible for taxpayers, and be it further

Resolved, that the tax agencies plan to continue to offer services and use whatever technologies they consider to be in the best overall interest of all taxpayers, and be it further

Resolved, the Internal Revenue Service should continue to work with state tax administrators to develop effective means of coordinating state and federal programs that

offer electronic filing, and that the IRS should work with states to include free electronic filing to taxpayers.

This resolution will be in effect until June 2005.

**Resolution Seventeen
Consider State Systems When Modifying Federal Policies**

WHEREAS, under the U.S. Constitution both federal and state governments have the right to establish their own, separate systems of taxation, and

WHEREAS, the large majority of states have traditionally conformed important aspects of their individual and corporation income taxes and estate taxes to the federal tax code as a means of easing the burden of compliance on taxpayers as well as simplifying administration and compliance for all parties, and

WHEREAS, this system of federal-state conformity has effectively created a tax base and tax system that is in many ways integrated and is effectively shared between the federal and state governments, and

WHEREAS, this integrated tax system means that changes to federal tax laws will often have a substantial fiscal and administrative impact at the state level,

WHEREAS, the U.S. Congress has recently enacted a series of changes in federal tax law that have had substantial impacts at the state level, including a phase-out of the federal estate tax, broadening of allowable deductions for retirement contributions and broadening the depreciation allowance for businesses, and

WHEREAS, these decisions failed to take into account or attempt to accommodate the fiscal, administrative and policy implications for states of such changes, and

WHEREAS, the impact of these federal enactments was to exacerbate difficult state fiscal conditions; and

WHEREAS, the fiscal impact of these enactments is such that a number of states have decoupled or are considering decoupling or enacting measures that will end or temporarily suspend conformity between state and federal income taxes, and

WHEREAS, the resulting nonconformity has resulted in considerable new complexities and recordkeeping burdens for taxpayers and tax professionals as well as affected the state tax infrastructure, compliance programs and levels of service to taxpayers,

WHEREAS, there are often alternative ways to achieve federal changes to policy that minimize or eliminate any need for states to make adjustments to their own tax systems to keep the federal and state systems in harmony, and

Resolved, that the state tax agencies respectfully urge Congress to formally consider the impact of federal tax measures on state income tax systems and to create procedures that will identify federal tax actions that can lead to nonconformity and estimate the impact of these actions, and be it further

Resolved, that states and taxpayers should work in concert to educate Congress on the effects of federal changes that force states to reduce conformity and to jointly seek the creation of procedures that will reduce or eliminate the need for such state action.

This resolution will be in effect until June 2005.

**Resolution Eighteen
Coordinating motor fuel meetings**

WHEREAS, the Federation of Tax Administrators (FTA) is an organization composed primarily of state revenue and tax administration members, and

WHEREAS, the International Fuel Tax Agreement, Inc. (IFTA, Inc.) is an organization composed primarily of U.S. state and Canadian province finance, revenue, taxation, and commercial motor vehicle administration members, and

WHEREAS, nearly 100 percent of the FTA members are also members of IFTA, Inc., and

WHEREAS, the FTA's Motor Fuel Tax Section has demonstrated its leadership through member and industry support in developing uniform motor fuel tax definitions, in developing uniform motor fuel tax information reporting and exchange programs, in establishing basic and advanced training seminars, and in conducting administrative and enforcement conferences, and

WHEREAS, IFTA, Inc. has demonstrated its leadership through member and industry support in developing uniform motor fuel use tax reporting requirements, in developing a uniform auditing program, in developing uniform information reporting and exchange programs, in establishing and maintaining a jurisdiction-based tax payment reconciliation "clearinghouse" system, and in conducting administrative and enforcement conferences, and

WHEREAS, the FTA and IFTA, Inc. both strive to enhance member, industry, and taxpayer communications, compliance, and effective tax collections by conducting regularly scheduled administrative and compliance conferences and meetings, and

WHEREAS, combining and coordinating conferences and meetings will enable the agencies that belong to both organizations to save travel expenses and allow event attendees to acquire additional information during a time when travel budgets are severely restricted, now, therefore, be it

Resolved, that the FTA's Motor Fuel Tax Section is directed to explore the possibility of coordinating its conferences and meetings to coincide with conferences, committee meetings, and business meetings sponsored by IFTA, Inc.

This resolution will be in effect until June 2005.