



Federation of Tax Administrators

Seventy-First Annual Meeting

June 15-18, 2003

Oklahoma City, Oklahoma

**Welcome to the Seventy-First Annual Meeting
of the
Federation of Tax Administrators**

Conference Host
Oklahoma Tax Commission

Commissioners:
Thomas E Kemp, Jr, Chairman
Jerry Johnson, Vice Chairman
Connie Irby, Secretary-Member

Host Committee:
Larry Shropshire
Joanne Kurjan
Paula Ross
David Smith
Michelle Thompson
Larry Wilson

Special Thanks to:

The staff of the Oklahoma Tax Commission,
who helped out in many ways.

FTA Wishes to Thank Its Sponsors for Their Generous Support of the Annual Meeting

Gold Level Sponsors:

| | |
|----------------------------|---------------------------------------|
| AMS | Registration Area |
| Deloitte Consulting | Opening Reception and Tuesday Banquet |
| Fast Enterprises | Opening Reception and Tuesday Banquet |
| IBM | Pre-Banquet Reception on Tuesday |

Silver Level Sponsors:

| | |
|-----------------------------|-----------------------------------|
| Accenture | Breakfast, June 17 |
| Dun & Bradstreet | President's Lunch, June 16 |
| Microsoft | Breakfast, June 16 |
| Teradata | Breakfast, June 18 |
| Trustfile | Commissioner's Breakfast, June 16 |

Bronze Level Sponsors:

| | |
|--------------------------|------------------------|
| Adea Solutions | Session Break, June 16 |
| Bull | Session Break, June 18 |
| GC Services | Session Break, June 16 |
| Revenue Solutions | Session Break, June 17 |

WELCOME

On behalf of the FTA Board of Trustees and the Oklahoma Tax Commission, welcome to the Seventy-First Annual Meeting of the Federation of Tax Administrators. This year's program is a substantive one, featuring significant general session topics, a variety of afternoon sessions, and enjoyable social activities.

The meeting opens with registration and features a welcoming reception on Sunday evening filled with smooth jazzy musical notes. On Tuesday evening, we will enjoy the unique sophistication of a wine-tasting, dinner and entertainment at the National Cowboy and Western Heritage Museum.

Please wear your name badge for participation in all FTA events.

Enjoy your stay in Oklahoma City!

Sincerely,

Stephen M. Cordi
President

SPECIAL EVENT INFORMATION

Golf Outing: Sunday, June 15

6:15 a.m. Golfers should assemble in the Renaissance Hotel Lobby to take the vans to Silverhorn Golf Club.

Guest Tours: Monday, June 16

9:30 a.m. Guests should meet in the Renaissance Hotel Lobby for the guest tour and lunch. Guests may choose to visit either the Sam Noble Oklahoma Museum of National History on the University of Oklahoma Campus or tour the breathtaking gardens of Cole's Garden in Oklahoma City.

Guest Tours: Tuesday, June 17

9:30 a.m. Guests should meet in the Renaissance Hotel Lobby for the guest tour and lunch. Guests may choose to visit the antique shopping district in Guthrie, Oklahoma (the first capital of Oklahoma) or the Oklahoma City Museum of Art located in downtown Oklahoma City.

Museum Banquet: Tuesday, June 17

5:30–10 p.m. The first bus will leave the hotel for the National Cowboy and Western Heritage Museum at 5:30 p.m. Buses will continue to run until 7 p.m. From 5:30 to 8 p.m. there will be a reception with appetizers and a wine tasting, and the museum will be open to attendees. Dinner will be served at 8 p.m. with entertainment beginning at 8:45 p.m. Return buses will be available from 9:30 to 10 p.m.

DAYS AT A GLANCE

Sunday, June 15

- 1:00 p.m.–7:00 p.m. Registration
(Oklahoma City Cox Convention Center, 1st Floor Lobby)
- 5:30 p.m.–7:30 p.m. Opening Reception
(Oklahoma City Cox Convention Center, 2nd Floor, Ballroom C)

Monday, June 16

- 7:30 a.m.–8:30 a.m. Registration and Continental Breakfast
(Oklahoma City Cox Convention Center, 1st Floor Lobby and Meeting Room 9)
- 7:30 a.m.–8:30 a.m. Commissioners Only Breakfast
(Oklahoma City Cox Convention Center, 1st Floor, Meeting Room 5)
- 8:30 a.m.–12 Noon General Session
(Oklahoma City Cox Convention Center, 1st Floor, Meeting Room 10-11)
- 12 Noon FTA President's Awards Luncheon
(Oklahoma City Petroleum Club, 100 N Broadway, 34th Floor)
- 1:30 p.m.–5:15 p.m. Concurrent Sessions

Technology (1st Floor, Meeting Room 1)
Management (1st Floor, Meeting Room 2)
IRS's New Focus on Compliance (1st Floor, Meeting Room 3)
Legal/Policy (1st Floor, Meeting Room 4)

Tuesday, June 17

- 7:30 a.m.–8:30 a.m. Registration and Continental Breakfast
(Oklahoma City Cox Convention Center, First Floor, Lobby and Meeting Room 9)
- 7:30 a.m.–8:30 a.m. Commissioners Only Breakfast
(Oklahoma City Cox Convention Center, 1st Floor, Meeting Room 5)
- 8:30 a.m.–12 Noon General Session
(Oklahoma City Cox Convention Center, 1st Floor, Meeting Room 10-11)

DAYS AT A GLANCE

Tuesday, June 17 (Contd)

| | |
|---------------------|--|
| Noon | Lunch (on your own) |
| 1:30 p.m.–5:15 p.m. | Concurrent Sessions Technology (1 st Floor, Meeting Room 1) Compliance (1 st Floor, Meeting Room 2) Streamlined Sales Tax Project (1 st Floor, Meeting Room 3) Legal/Policy (1 st Floor, Meeting Room 4) |
| 5:30 p.m.–10 p.m. | Evening Banquet – the National Cowboy and Western Heritage Museum Appetizers and wine tasting Banquet The first bus will leave the hotel at 5:30 p.m. to shuttle attendees to the Museum. Buses will continue to run until 7 p.m. From 5:30 to 8 p.m. there will be a reception with appetizers and a wine tasting, and the museum will be open to attendees. Dinner will be served at 8 p.m. with entertainment beginning at 8:45 p.m. Return buses will be available from 9:30 to 10 p.m. |

Wednesday, June 18

| | |
|---------------------|---|
| 7:30 a.m.–8:30 a.m. | Continental Breakfast (Oklahoma City Cox Convention Center, First Floor, Meeting Room 9) |
| 8:30 a.m.–9:00 a.m. | Annual Business Meeting (1 st Floor, Meeting Room 10) |
| 9:00 a.m.–12 Noon | General Session (1 st Floor, Meeting Room 10) |
| 12 Noon | Conference concludes |

Monday, June 16
8:30 a.m.–Noon

General Session

(Oklahoma City Cox Convention Center, 1st Floor, Meeting Room 10-11)

Presiding: Stephen M. Cordi, Deputy Comptroller, Maryland
Comptroller of the Treasury, and President, Federation of Tax
Administrators

Welcome to Oklahoma

The Honorable Mary Fallin, Lieutenant Governor, State of Oklahoma

Implementing a Streamlined Sales Tax

Sen. Angela Monson, Oklahoma State Senate
R. Bruce Johnson, Utah State Tax Commission
Co-chairs, Sales Tax Simplification States

Stephen Kranz, Council On State Taxation, Washington, D.C.

Reforming the State Corporation Income Tax

Richard Pomp, University of Connecticut Law School, Hartford, CT

Fiscal Crisis, Tax Administration and Tax Policy: Panel Discussion

Panelists:

Mary Jane Egr, Nebraska Department of Revenue
Will Rice, Washington Department of Revenue
Thomas Zaino, Ohio Department of Taxation
James Zingale, Florida Department of Revenue

12 Noon–1:30 p.m. **FTA President's Awards Luncheon**
(Oklahoma City Petroleum Club, 100 N Broadway, 34th Floor)

Presentations of the Public Information and Taxpayer Assistance
Award, Training Award, and Leadership and Service Award

Monday, June 16
1:30 p.m.–5:15 p.m.

Concurrent Sessions

| Monday breakouts | Room 1 <i>Technology</i> | Room 2 <i>Management</i> | Room 3 <i>IRS</i> | Room 4 <i>Legal and Tax Policy</i> |
|-----------------------------|---|---|---|--|
| 1:30–2:15 | Experience With State E-Filing Mandates | Benefits Funding | High-Income Nonfiler Program | Streamlined Legal and Policy Issues |
| 2:30–3:15 | New FedState E-file Program | Reengineering the Audit Process | Attacking Abusive Tax Shelters | Streamlined Legal and Policy Issues (continued) |
| 3:30–4:15 | New Initiatives in Use of 2-D Barcoding | Wisconsin’s Award Winning ReVITAlization Program | Offshore Voluntary Compliance Initiative | Pass-Through Entities |
| 4:30–5:15 | DELTA: New Integrated Tax System | Shareholder Value | National Research Program | Significant Developments in State Tax Cases |

Monday, June 16
1:30 p.m.–5:15 p.m.

Technology
(1st Floor, Meeting Room 1)

1:30–2:15

Experience With State E-Filing Mandates

Gary Viken, South Dakota Department of Revenue
Billy Hamilton, Texas Comptroller of Public Accounts

2:30–3:15

New FedState E-File Program: Federal-State Employment Tax

Patricia Clarke, IRS Electronic Tax Administration

3:30–4:15

New Initiatives in Use of 2-D Barcoding

Nonie Manion, New York Department of Taxation and Finance

4:30–5:15

DELTA: New Integrated Tax System

Layne Cannon, Louisiana Department of Revenue

Managing Under Today's Challenges

(1st Floor, Meeting Room 2)

1:30–2:15

Panel: Benefits Funding

Joan Wagon, Kansas Department of Revenue
Kenneth W. Thorson, Virginia Department of Taxation
Lynette States, Arizona Department of Revenue

2:30–3:15

Panel: Reengineering the Audit Process – Approaches, Issues and Taxpayer Reception

Moderator: Carol Calkins, PricewaterhouseCoopers
Thomas Zaino, Ohio Department of Taxation
Billy Hamilton, Texas Comptroller of Public Accounts
Joe Huddleston, Grant Thornton LLP
Bob Fields, PricewaterhouseCoopers LLP

3:30–4:15

Wisconsin's Award Winning ReVITALization Program

Richard Dille, Wisconsin Department of Revenue

4:30–5:15

Shareholder Value

Timothy M. Finnegan, Accenture

Monday, June 16
1:30 p.m–5:15 p.m.

IRS's New Focus on Compliance
(1st Floor, Meeting Room 3)

1:30–2:15

High-Income Nonfiler Program

Panelists:

Joe Brimacombe, IRS
Elizabeth Tucker, IRS
Ellen Dolby, IRS

2:30–3:15

Attacking Abusive Tax Shelters

Panelists:

Joe Brimacombe, IRS
Elizabeth Tucker, IRS
Ellen Dolby, IRS

3:30–4:15

Offshore Voluntary Compliance Initiative

Panelists:

Joe Brimacombe, IRS
Elizabeth Tucker, IRS
Ellen Dolby, IRS

4:30–5:15

National Research Program (Not Your Father's TCMP Audit)

Panelists:

Joe Brimacombe, IRS
Elizabeth Tucker, IRS
Ellen Dolby, IRS

Monday, June 16
1:30 p.m.–5:15 p.m.

Legal and Tax Policy
(1st Floor, Meeting Room 4)

1:30–2:15

Panel: Legal and Policy Issues Posed by the Streamlined Sales and Use Tax Agreement

Tony Mastin, Oklahoma Tax Commission

Charles Collins, Taxware, Raleigh, North Carolina

Joseph Thomas, Connecticut Department of Revenue Services

Matt Tomalis, Federation of Tax Administrators

2:30–3:15

Legal and Policy Issues (panel continued)

3:30–4:15

Current Developments Involving Pass-through Entities: Partnerships, LLCs, Subchapter S

Prentiss Willson, Ernst & Young, Larkspur, California

4:30–5:15

Significant Developments in State Tax Cases

Marilyn Wethekam, Horwood, Marcus & Berk, Chicago, Illinois

Tuesday, June 17, 2003
8:30 a.m.–Noon

General Session

(Oklahoma City Cox Convention Center, 1st Floor, Meeting Room 10-11)

Presiding: Mary Jane Egr, Commissioner, Nebraska Department of Revenue and
Secretary, Federation of Tax Administrators

Implementing E-government: Results of New Research

Timothy M. Finnegan, Accenture

New Applications of Technology to Tax Compliance

John LaFaver, American Management Systems

Panel: Innovative State Technologies

Arthur Roth, Commissioner, New York State Department of Taxation and Finance

Ken Miller, Commissioner, Indiana Department of Revenue

Billy Hamilton, Deputy Comptroller, Texas Comptroller of Public Accounts

Invitation to FTA 2004, Providence, Rhode Island (June 6-9, 2004)

R. Gary Clark, State of Rhode Island

12 Noon–1:30 p.m. **Lunch (on your own)**

Tuesday, June 17
1:30 p.m.–5:15 p.m.

Concurrent Sessions

| Tuesday breakouts | Room 1 <i>Technology</i> | Room 2 <i>Compliance</i> | Room 3 <i>Streamlined Sales Tax Project</i> | Room 4 <i>Legal and Tax Policy</i> |
|------------------------------|------------------------------------|---|---|--|
| 1:30–2:15 | On-line Customer Support | New Approaches to Collections | Where Are We, Where Are We Headed? | Corporate Tax Considerations |
| 2:30–3:15 | Wireless Collections Application | Finding Better Approaches to Compliance | What's In It for Business? | Corporate Tax Considerations (continued) |
| 3:30–4:15 | Implementing a Messaging System | More Joy of STAX | Resolving the Outstanding Issues | Reducing Tensions Between Taxpayers and Tax Agencies |
| 4:30–5:15 | New Data Warehousing Program | Tackling the Nonfiler Problem | Resolving the Outstanding Issues (continued) | Reducing Tensions Between Taxpayers and Tax Agencies (continued) |

Tuesday, June 17
1:30 p.m.–5:15 p.m.

Technology
(1st Floor, Meeting Room 1)

1:30–2:15
On-line Customer Support
Mike Miller, Pennsylvania Department of Revenue

2:30–3:15
Wireless Collections Application
Eddie Gonzalez, Texas Comptroller of Public Accounts

3:30–4:15
Implementation of a Customer Relationship Management/Secure Messaging System
Kenneth W. Thorson, Virginia Department of Taxation

4:30–5:15
New Data Warehousing Program
Tremaine Smith, Washington Department of Revenue

What's Hot in Compliance
(1st Floor, Meeting Room 2)

1:30–2:15
Panel: New Approaches to Collections
Kenneth W. Thorson, Virginia Department of Taxation
Robie McLamb and Charlie Helms, North Carolina Department of Revenue

2:30–3:15
Finding Better Approaches to Compliance (Son of STEAL-IT)
Stephen M. Cordi, Maryland Comptroller of the Treasury
Carol Russell Fischer, Missouri Department of Revenue

3:30–4:15
More Joy of STAX
Richard Dilley, Wisconsin Department of Revenue

4:30–5:15
Tackling the Nonfiler Problem
Robert Tangorre, New York Department of Taxation and Finance

Tuesday, June 17
1:30 p.m.–5:15 p.m

Streamlined Sales Tax Project
(1st Floor, Meeting Room 3)

1:30–2:15

Where Are We, Where Are We Headed?

Diane Hardt, Wisconsin Department of Revenue

2:30–3:15

What's In It for Business?

Charles Collins, Taxware Inc.

3:30–4:15

Resolving the Outstanding Issues

Panelists:

Loren Chumley, Commissioner, Tennessee Department of Revenue

Stephen Kranz, Council On State Taxation

Warren D. Townsend, Wal-Mart Corp.

Jerry Johnson, Vice-Chairman, Oklahoma Tax Commission

4:30–5:15

Resolving the Outstanding Issues (panel continued)

Legal and Tax Policy
(1st Floor, Meeting Room 4)

1:30–2:15

Panel: Corporate Tax Considerations: Tax Planning vs. Loophole Closing

Jeffrey Friedman, KPMG, Washington, D.C.

Richard Nicholson, Connecticut Department of Revenue Services

Thomas Zaino, Ohio Department of Taxation

Merle Buff, American Express Co., New York, N.Y.

Robert Montellione, Prudential Financial, Inc., Newark, N.J.

John J. Pydyszewski, Johnson & Johnson, New Brunswick, N.J.

2:30–3:15

Corporate Tax Considerations (Panel continued)

3:30–4:15

Panel: Reducing Tensions Between Taxpayers and Tax Agencies

Doug Lindholm, Council On State Taxation, Washington, D.C.

Stanley Arnold, Rath, Young & Pignatelli, Concord, N.H.

Michael Ralston, Iowa Department of Revenue and Finance

Glenn McCoy, Jr., BDO Seidman, New York, N.Y.

David Wulf, The Williams Company, Tulsa, OK.

4:30–5:15

Reducing Tensions (Panel continued)

Wednesday, June 18
8:30 a.m.–Noon

8:30 a.m.–9:00 a.m.

FTA Business Meeting

(Oklahoma City Cox Convention Center, 1st Floor, Meeting Room 10)

9:00 a.m.–12 Noon

General Session

(Oklahoma City Cox Convention Center, 1st Floor, Meeting Room 10)

Presiding: Stephen M. Cordi, Deputy Comptroller, Maryland Comptroller of the Treasury, and President, Federation of Tax Administrators

Trends in Tax Compliance

Dan R. Bucks, Multistate Tax Commission

What's Ahead: Outlook for the U.S. Economy and the States

Charles W. de Seve, Ph.D., American Economics Group, Washington, D.C.

State Expenditure Issues: Can You Balance the Budget on the Back of the Historic Preservation Department?

Scott Pattison, National Association of State Budget Officers

Balancing State Budgets: Saving the Hard Work Until Later

Harley Duncan, Federation of Tax Administrators