So reads the first line of the first issue of Tax Administrators News in October 1937. In the almost 70 years since, everything has changed . . . and yet, nothing at all has changed.

The issues that face us today are by and large the same issues that faced our predecessors generations ago. Only the details have changed.

The tax world is still cyclical, based on the economy of the time and events beyond the control of tax administration. The unique relationship between state revenue agencies and their federal counterpart is still contiguous on some levels, and cooperative on others.

Each is still dependent on the other.

We’ve compiled a very short list of random quotes from issues of Tax Administrators News throughout the years. This is not a

(Continued on page 44)
New Executive Director in the Desert

Dino DiCianno has been appointed Executive Director of the Nevada Department of Taxation, replacing Chuck Chinnock, who recently retired. DiCianno was formerly the Deputy Executive Director for the Compliance Division and has 20 years experience with the agency. He earned undergraduate degrees in mathematics and economics from Southern Oregon State College and his Masters in economics is from Washington State University.

New Treasurer in the North

Michigan's Senate confirmed Robert Kleine as the new state treasurer. Jay Rising resigned in February to become CFO for the Detroit Medical Center hospital system. Kleine was one of the principal architects of the Michigan Single Business Tax when he directed the Office of Revenue and Tax Analysis in the Department of Management and Budget from 1975-1984. The SBT is being phased out and Kleine is expected to play a role in designing a replacement tax. His undergraduate degree is from Western Maryland College and his master's degree is from Michigan State.

News Round-Up from the Last Month:

• New Jersey lawmakers on July 6 signaled the end of a week-long government shutdown by agreeing to a budget deal that will increase the sales tax from 6 percent to 7 percent. Some 80,000 people - half of government workers not deemed to be "essential" - have been out of work since July 1. Courts, DMV offices and road construction were shut down July 1. Atlantic City's 12 casinos, public parks, beaches and campgrounds were shut down for three days.

• The Congressional Budget Office said in its Monthly Budget Review that the federal deficit for the first nine months of FY 2006 is some $40 billion less than in FY 2005. This is also far less than was expected in January -- CBO had forecast a $371 billion deficit in January while the Office of Management and Budget had put the figure at $423 billion. The change is due to the surprising strength of corporate and individual income tax receipts.

• Corporate income tax receipts generated about $38.7 billion in 2005 or a shade under 6.0 percent of total state tax revenues, according to a recent report by the Congressional Research Service - State Corporate Income Taxes: A Description and Analysis. In 1980, corporate receipts amounted to 0.48 percent of GDP; this ratio stood at 0.31 percent in 2005. As a proportion of total state taxes, corporate tax revenues were greatest in New Hampshire (19.9 percent), Alaska (19.4 percent) and Michigan (12.8 percent.)

• IRS has issued its annual report to Congress showing that it made just over 4.6 billion disclosures of taxpayer returns or return information during calendar year 2005. This is roughly the same as in 2004; the most disclosures were made to individual states and the U.S. Census Bureau.

• IRS is providing additional time for taxpayers affected by Hurricane Katrina to file 2004 and 2005 individual income tax returns. The hardest hit have an extended of October 16, 2006, to file their taxes. The extension (which had previously been August 28) only pertains to taxpayers in 31 Louisiana parishes, 49 Mississippi counties and 11 Alabama counties.

• France saw a 50 percent increase in electronic filing this year, according to the country's Finance Ministry's General Tax Directorate. In all, over 5.7 million taxpayers took advantage of e-filing, in comparison to 3.7 million last year. Upgraded capabilities as well as a 20 euro ($25) e-filing tax credit are largely responsible for the healthy spike in use. About 17 percent of the income tax returns were filed electronically this year.

• Calif. Gov. Schwarzenegger has line-item vetoed $2 million in pay increases for Board of Equalization auditors. The recruitment and retention measure is "best addressed on a statewide basis," the governor said, referring to a recent collective bargaining agreement. He also complained that the increases did not conform to an across-the-board 5 percent payroll reduction in effect for all state agencies.

• Rhode Island will have a 75-day tax amnesty beginning Sept. 30. The amnesty will waive penalties and criminal

One-Liners

Recent Headline From TaxExPRESS

(Continued on page 45)
Three Major Meetings Coming Autumn 2006

The next few months will see several FTA sponsored meetings heading all over the country:

2006 FTA Revenue Estimation and Tax Research Conference

FTA's Research Section Chair, Susan Mesner, of Vermont Department of Taxes, joins with Conference Host, Tom Potiowsky, State Economist for the Oregon Office of Economic Analysis, in extending a cordial invitation to attend the 61st Annual FTA Revenue Estimation and Tax Research Conference (http://www.taxadmin.org/rev_est/). The conference will be held September 17-20, at the Benson Hotel, in Portland. The conference will open Sunday, September 17, with registration and a reception and conclude Wednesday, September 20, at Noon.

Other meetings include the Research Roundtable, scheduled for Saturday, September 16, at 1 p.m. and continuing on Sunday morning.

The conference agenda will be a mix of general and concurrent breakout sessions with topics of interest to revenue estimators and state tax policy analysts. Monday morning will begin with the usual economic outlook by the major forecasting firms and selected policy topics of interest to everyone. In the afternoon, conference attendees will have a choice of two sessions featuring detailed forecasts for specific sectors of the economy or presentations of interest to tax policy researchers.

The entire day Tuesday will be dedicated to concurrent breakout sessions with a wide variety of specific topics. Some topics we are planning include: Corporate tax issues, revenue forecasting issues, streamlined sales tax project, benchmarking, data mining and more.

On Wednesday morning, conference participants will hear a variety of presentations of general interest to state economists and policy analysts. If you would like to make a presentation or know of a presenter, please contact the Section Chair, Susan Mesner at smesner@tax.state.vt.us or 802-828-0529 or Ronald Alt at ron.alt@taxadmin.org or 202-624-8445.

Sunday evening, there will be an opening reception in the Mayfair Ballroom to get to know your colleagues in other states. The Tuesday evening banquet will be held at the Bridgeport Brewery, in Portland's historic Pearl District (http://www.bridgeportbrew.com/about/index.php).

Monday and Tuesday, spouses and guest are welcome to use Max or the streetcar to visit key points of interest. Just a ride away is the Oregon Museum of Science and Industry (OMSI), the Portland Zoo, the Chinese Garden and the Portland Museum. An all day pass can be purchased for $4.00. There is tons to explore and see within walking distance of the Benson Hotel; please see the conference website for details.

On Sunday afternoon, an optional wine tasting tour will be offered. The host committee has arranged a tour of three local wineries. The $40 per person fee will cover entrance fees and transportation; again, please see the conference website for details.

The conference will be held at the Benson Hotel, which is located downtown convenient to sightseeing, shopping, the Pearl District, performing arts and museums. The hotel address is 309 Southwest Broadway, Portland, Oregon 97205.

The conference rate is $135 (single/double occupancy). Please make your reservations directly with the hotel by calling 503-228-2000 or 1-888-523-6766. Notify the reservations clerk that you will be attending the FTA 2006 Revenue Estimating Meet-

(Continued on page 46)
Good-bye — Continued from page 41

comprehensive list; the quotes represent but small “soundbites” reflective of our theory:

The more things change, the more they stay the same.

From Volume 1, Number 1 - October, 1937:

“Facts, if they are to be useful for tax administrators, must come from the experiences of officials themselves.”

“The loophole problem, better known to some tax administrators as the game of “I hid my income and you go seek” has led Congress to lay down certain rules so that the game needn't be played entirely in the dark.”

From Volume 8, Number 8 - March, 1944:

“The most significant feature appears to be that while state and local taxes have decreased considerably between 1939 and 1943 in proportion to the national income out of which they were paid, federal tax collections have increased more steeply than the national income during these years.”

From Volume 9, Number 9 - September, 1945:

“Total state collections, including receipts from payroll taxes, reached a new high of $5.5 billion during fiscal 1945.”

Volume 14, Number 7 - July, 1950:

“Nationwide, 2,360 cigarettes were consumed per capita in 1949, about one pack less per person than in 1948, according to U.S. tax yields.”

Volume 24, Number 1 - January, 1960:

“Sales taxes are now imposed by 34 states; broad-based individual income taxes by states; broad-based individual income taxes by 31 states (New Hampshire and Tennessee tax the income from intangibles only); and corporation income taxes by 36 states. Nineteen states impose both sales taxes and individual income taxes. All of the states which tax individual income also tax corporate income.”

Volume 25, Number 8 - August, 1961:

“As of mid-August, tax rates had been raised or new tax measures adopted in 22 of the 47 states which held regular legislative sessions in 1961.”

Volume 38, Number 1 - January, 1974:

“The Treasury Department's proposals for Tax Changes in 1973 included a recommendation for dealing with the problem of unscrupulous tax return preparers. The proposal has a 3-part approach. First, each tax return preparer would be required to place his identification number on each return he prepares, and each person employing tax return preparers would have to file a return listing the name, taxpayer identification number, and place of work of such employee.”

Volume 42, Number 7 - July, 1978:

“William E. Williams, Deputy Commissioner of Internal Revenue, spoke on the federal-state exchange program, with reference particularly to the General Accounting Office's recent evaluation of the program, and outlined the changes IRS will make to comply with the recommendations of the GAO Report . . . Mr. Williams said that IRS and the states should institute a uniform reporting system to account for the information the states receive and actually use.”

Volume 47, Number 7 - July, 1983:

“Gerald H. Miller, Executive Director of the National Association of State Budget Officers, reported that the fiscal condition of the states is the worst since the great depression.”

Volume 55, Number 10 - October, 1991:

“The recession and weak recovery have meant two difficult budget years for states. The failure of state revenues to rebound during fiscal year 1992 could result in a year of budget cuts far worse than in FY 1991, according to a report just released from the National Association of State Budget Officers (NASBO) and the National Governors' Association (NGA) . . . Medicaid and corrections programs have grown, accounting for nearly 20 percent of state budgets. The share of state spending dedicated to Medicaid has increased from 10.2 to 13.6 of state budgets in the last five years.”

Volume 63, Number 11 - November, 1999:

“Since it's inception earlier in the year, the Advisory Commission on Electronic Commerce has held two meetings (in June and
Good-bye — Continued from page 44

September) and has been flooded with proposals to advise the Commission on its mission to study various aspects of the taxation of electronic commerce as well as other comparable intrastate, interstate and international sales activities.”

Volume 65, Number 9 - September, 2001

“For there has been much goodness in the wake of this horror, as we have responded with kindness, courage generosity and determination. I’ve been struck with awe at the courage of the employees directly affected by this terrible event; I’ve been overwhelmed by the generosity of employees who made contributions of all kinds to disaster relief; and I’ve been inspired by the skill, compassion and dedication of employees throughout the department . . . “

-- from a piece contributed by Arthur Roth, Commissioner, New York State Department of Taxation & Finance

These quotes represent just a tiny sample of the news and information that has passed through Tax Administrators News' pages. The numbers have changed drastically over the years, of course, almost to a comical level. However, many of the issues that faced administrators on that first publication in 1937 are still at the forefronts of this industry.

One-Liners — Continued from page 42

Tax Administrators News has witnessed a great deal of history. Bull and bear markets, recessions and depressions, wars and the spoils of war, tragedy and comedy. The tax world, like every other word, continues to spin.

Only, after today, Tax Administrators News will not be around to chronicle it. The publication is being laid to rest, yes, but the service it has provided for the greater part of a century can not be overlooked. And it fades into oblivion not because its message has faded, but simply because technology has allowed us to do a better job of passing information along to our members.

It's never a bad thing when the catepillar morphs into a butterfly. And so it is with our little newsletter that could.

The Federation of Tax Administrators provides two websites for those interested in information pertaining to tax and tax administration: The FTA Home Page http://www.taxadmin.org, which is FTA's public site, and TaxExchange http://www.taxexchange.org, which is its private registered site devoted to its members. Both websites are regularly updated, and provide the same information that once appeared in Tax Administrators News. No one loses out.

We will continue to send out emails on a monthly basis to past subscribers, directing readers to new information posted on the websites. Focusing our resources on the websites themselves is just the most obvious way to streamline the articles, surveys and announcements that Tax Administrators News once was the sole vehicle for.

We hope the transition is smooth, and we are most grateful for your readership in the past.

•Prosecution for eligible taxpayers.

•After leading the way on sales tax exemptions for back-to-school shopping and hurricane preparation, Florida SB 888 has been signed by Governor Bush, paving the way for a third sales tax holiday on energy-efficient appliances. The holiday, scheduled from October 5 to 11, exempts items that carry the Energy Star logo and cost less that $1,500. Eligible items include washers and dryers, refrigerators, air conditioners and thermostats.

•Florida has redesigned its website. The new home page, at http://www.myflorida.com/dor, is now organized by program - General Tax, Property Tax and Child Support. Additional pages will be updated in coming months.

•Kentucky Gov. Ernie Fletcher has signed a bill passed quickly in a special session to repeal the alternative minimum tax for small businesses in the state. The bill is expected to reduce taxes on small businesses by $45 million, and is supported by both parties. The new law exempts businesses with less than $3 million in gross receipts from an alternative tax approved as part of a tax modernization plan last year.

•South Carolina Governor Sanford signed a bill to increase the state sales tax from 5 percent to 6 percent. The bill also eliminates the school operating property taxes on owner-occupied homes, reduces the sales tax on unprepared food to 3 percent and provides for a 2006 sales tax holiday.

•Utah Gov. John Huntsman has signed legislation to reduce the sales tax on food for home consumption to 2.75 percent and to reimburse some of the computer hardware and software costs retailers will incur to accommodate the lower tax rate.
Register online on the conference website <http://www.taxadmin.org/rev_est/>. Credit card payments will be accepted with online registrations only (at the time of registration).

You may fax (503) 373-7643 - Attn: Suzanne or mail the registration form and check to the address below. The check should be made payable to FTA.

FTA Revenue Estimating
C/O OEA
155 Cottage St. NE, U-20
Salem, OR 97301

Registration fees are:

Government Representative: $300
Industry Representative: $395
Guest: $110

The deadline for conference registration is August 31. A $40 late charge will be assessed for on-site registrants who have not previously notified the host state of their intent to attend. Cancellations after September 5 will be charged a $40 processing fee (except for emergencies).

If you have any questions concerning registration, please contact Suzanne Brean at (503) 378-3405 or <suzanne.brean@das.state.or.us>.

The FTA Research Section looks forward to your participation in the 2006 Revenue Estimation and Tax Research Conference in Portland, Oregon. If you have any questions or suggestions for the program, please contact Ron Alt of FTA at (202) 624-8445, e-mail <ron.alt@taxadmin.org>, or Section Chair Susan Mesner at smesner@tax.state.vt.us or 802-828-0529.

2006 FTA Tobacco Tax Section Annual Meeting

FTA Tobacco Tax Section Chairman John Quinlan of North Dakota and Chad Gallagher, Director of the Arkansas Tobacco Control Board, extend to you their cordial invitation to attend the 80th Annual Federation of Tax Administrators Tobacco Section Annual Meeting, to be held at the Peabody Hotel in Little Rock, from August 27-30.

The conference will open Sunday, August 27, with registration, an executive committee meeting and an evening reception. On the preliminary agenda for Monday are presentations on recent amendments to federal law involving contraband cigarettes and on changes in the tobacco market, as well as panel discussions involving Internet sales and enforcement, as well as other tobacco products and little cigars. Tuesday's preliminary agenda includes a government-only session dealing with enforcement issues and the master settlement agreement, and then a general session that includes updates by federal agencies, a panel discussion of tribal compacts, and an industry forum, with a reception and banquet in the evening. The meeting will conclude Wednesday at noon with the annual business meeting. An agenda is available at http://www.arkansas.gov/atcb/FTAConference/agenda.html.

The social program will begin with a Sunday evening reception at the Peabody Hotel's Pinnacle Room on the top floor of the hotel, continues with a private tour of the William Jefferson Clinton Presidential Library on Monday evening and concludes with a Tuesday evening reception and banquet at the Peabody Hotel.

You may fax your completed registration to (501) 682-9760. After registering, please mail fees to:

Arkansas Tobacco Control Board
FTA Tobacco Tax Conference
ATTN: Mandy Miller
101 East Capitol Avenue, Suite 204
Little Rock AR 72201-3826

Please make your remittance payable to FTA Tobacco Conference. FTA's Federal EIN is 52-1763624. Registration fees are:

Government: $300.00
Industry Representative: $425.00
Guest: $100.00

Advanced registration closes July 28, 2006. A late fee of $50.00 per person will apply to registrations received after that date.

We are staying at the beautiful Peabody Hotel at Three Statehouse Plaza, Little Rock, AR 72201. You can make your reservations with the Peabody by calling 1-800-732-2639 or by contacting the hotel directly at (501) 906-4000. When making reservations, you should mention that you are attending the Federation of Tax Administrators Tobacco 2006 Annual Meeting and use the group reservation code 348408.

Rooms may also be booked online in three easy steps:

1) Visit the Peabody Website: https://

(Continued on page 47)
register.peabodyhotels.com:7002/

2) Enter the six digit Group Number 348408 in the left hand column under Group Reservations. Enter "Submit" to reach the group rates for our conference.

3) When the FTA Tobacco Tax Conference information appears, select which days you would like to stay and then proceed with your reservations.

You will not be able to reserve a room online using our FTA group rate after the group rate cut-off date, so please use this reservation method before August 5.

Rooms and suites have been reserved with the hotel for this meeting. Room rates for the conference will be $130.00 per night single/double occupancy. The cut-off date for hotel reservations is August 5, 2006. After that date, accommodations will be available only on a space-available basis, and the conference rate will not be guaranteed for reservations. To cancel your reservation without charge, the hotel must receive your cancellation 48 hours prior to your arrival date.

The FTA Tobacco Tax Section looks forward to your participation in its Annual Meeting in Little Rock, Arkansas. If you have any questions concerning the conference, please call on Mandy Miller at (501) 682-9760 or mandy.miller@arkansas.gov.

2006 Motor Fuel Annual Meeting

FTA Motor Fuel Tax Section Chair, Carol Player, South Carolina Department of Revenue, and Members of the FTA Board of Trustees, extend a cordial invitation to attend the 2006 Annual Meeting of the FTA Motor Fuel Tax Section. The meeting will be held at the Hyatt Regency Albuquerque in Albuquerque from October 8-11.

The FTA Uniformity Committee will meet Saturday, October 7, with subcommittees meeting Friday, October 6. As of the date of this bulletin the block of rooms at the Hyatt for October 5-7 have already been reserved. The Double Tree hotel across the street from the Hyatt still has a few rooms. The number for the Double Tree is 505-247-3344. If you stay at the Double Tree for the Uniformity meeting, you are encouraged to move over to the Hyatt for the Annual Meeting.

The conference will begin with registration and a trip to the Balloon Glow on Sunday, October 8, with the opening reception on Monday. Monday and Tuesday will be devoted to general sessions in the morning; breakout sessions are scheduled in the afternoon. Wednesday morning will include a general session with various topics of interest to motor fuel tax administrators. Regional meetings will be held Monday afternoon, and the Annual Business Meeting will be held Tuesday afternoon. The annual banquet will be held Tuesday evening.

The conference program consists of a mix of general session and concurrent breakout sessions presenting different topics of interest to state motor fuel tax administrators. They include: Impact of increasing prices on State/Federal Revenues, Ultra Low Sulfur Diesel, Bio Diesel, Ethanol, Waste Coat into Diesel, Movement of Fuel by Railroads and other topics of interest to motor fuel tax administrators.

Registration for the conference is $365 per delegate. The registration must be submitted prior to September 5, 2006 to avoid a late fee of $50.00. Make checks payable to the FTA 2006 Motor Fuel Conference. Registration forms can be found in the registration packet. Please mail the completed form along with your check to:

FTA Annual Motor Fuel Conference PO Box 6699 Santa Fe, NM 87502-6699

You may also register online at: www.taxadmin.org or you may fax or e-mail your registration to Rose Romero at (505) 827-9801 or rose.romero@state.nm.us.

If you have any questions regarding the conference or the registration process, please call on Rose Romero at (505) 827-9874 or rose.romero@state.nm.us or Leslie Montgomery at (505) 827-9871 or leslie.montgomery@state.nm.us

Delegates may make their reservations with the hotel directly at (505) 842-1234 or (800) 233-1234. Delegates must identify themselves with the FTA Motor Fuel Tax Administration group to receive the conference room rate of $139 per night plus 12.75% tax. The hotel reservations must be made prior to September 5, 2006 to guarantee the discounted room rate. The address of the Hyatt Regency Albuquerque is 330 Tijeras N.W., Albuquerque, New Mexico 87102.

NOTE: Due to the Balloon Festival NO rooms are available at the Hyatt for Wednesday night October 11, 2006. The conference will conclude at 11:00AM on Wednesday; please make your travel plans accordingly.

The conference will begin with a Sunday evening trip to experience the “Balloon Glow”. This is an event when all the balloons fire their burners and light up at the same time. This is the most spectacular single moment of Balloon Fiesta. The opening reception will be held on Monday night, featuring complimentary hors d’oeuvres and beverages at the beautiful Albuquerque Hyatt. A banquet will be hosted on Tuesday night featuring a delicious

(Continued on page 49)
Continued strong revenue growth and fiscal discipline are apparent in the good fiscal conditions of the states as the end of FY 2006 approaches. Indeed, states are expected to end the fiscal year with final balances (ending balances and budget stabilization funds) totaling 7.9 percent of expenditures. Still, state officials are wary of the future, as is pointed out in a recently released report on state fiscal conditions.

The National Association of State Budget Officers (NASBO) surveys state budget officials twice a year. Once in the spring to collect data on current fiscal year and the governors' budget recommendations. NASBO surveys its members again in the fall collecting final data on the latest fiscal year and the enacted budgets. The Spring 2006 fiscal survey has just been released.

The accompanying graph illustrates the enacted state revenue changes for FY 1990 through 2006, and the governors' FY 2007 proposals. It shows how states enacted large revenue increases during the 1990 and 2001 recessions, to help balance budgets. Meanwhile, states enacted net revenue decreases through the later half of the 90's, as strong economic growth provided more revenue than necessary. The governor's 2007 proposed budgets continue the current downward trend in revenue increases. Indeed, governors in 20 states proposed net decreases in revenue changes.

While the revenue side of the budget has had a positive impact on state budgets, the spending side continues to add pressure. The report notes how 15 states had shortfalls in Medicaid programs. Overall, the governors' budgets are projecting a 5.7 percent increase in expenditures. With revenues projected to increase by 5.1 percent, states are expected to draw-down ending balances and stabilization funds to 5.2 percent of expenditures in FY 2007.

Additional details on individual state budgets and specific proposals are described in the report. Copies of the report, Fiscal Survey of the States: June 2006, are available on the NASBO website at http://www.nasbo.org/.
meat and excellent entertainment.

The airport shuttle or taxi is approximately $16-20 one-way. Parking at the hotel facility is $12.00 per day for self-parking or $16.00 for valet parking.

Expect beautiful weather in Albuquerque with daytime highs averaging 71, and nighttime lows averaging 44. Bring a coat for the night at the Balloon Festival; it could be cool.

The dress for the conference is business casual except for the banquet Tuesday evening, which will be semi-formal.

The 2006 Motor Fuel Tax Section Annual meeting promises to be an educational and enjoyable one. Please feel free to contact Cindy Anders-Robb if you have any questions at (307) 632-4144 or e-mail cindy.anders-robb@taxadmin.org.

Meetings — Continued from page 47

August 12-17: FTA Technology Conference -- Albuquerque, NM; Hyatt Regency Albuquerque

August 13 - 18: MTC Annual Meeting -- Topeka, KS; Capitol Plaza Hotel

August 20-22: MSATA -- Traverse, MI; Grand Traverse Resort

August 26-30: FTA Tobacco Tax Section Annual Mtg -- Little Rock, AR; Peabody Hotel

Sept. 17-20: FTA Research and Rev. Est. Conference -- Portland, OR; The Benson Hotel

Sept. 17-20: NESTOA -- Burlington, VT; Wyndham Hotel

September 24-27: WSATA -- Harvey's Lake Tahoe Casino and Resort ; Lake Tahoe, NV

October 8-11: FTA Motor Fuel Annual Meeting -- Albuquerque, NM; Hyatt Regency

October 15-18: FTA/MTC Statistical Sampling Workshop -- Denver, CO; Denver Marriot City Center