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The Multistate Tax Compact - A Promise Forgotten

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***The promise given was a necessity of the past: the word
broken is a necessity of the present.***

- Machiavelli

The California Appellate Court decision in *Gillette v. Franchise Tax Board*ⁱ has spawned a multitude of vexing issues, both within and without the state, for business and state governments and for tax practitioners and legal scholars. The crux of the matter - whether the Multistate Tax Compact (Compact) obligates member states to offer its multistate taxpayers the option of using the Compact's three factor formula or the state's own alternative formula - has its genesis in a core philosophical promise: uniformity in the taxation of multistate businesses in exchange for fiscal and political sovereignty. According to the court, the discipline of a Compact, effective since 1967, remains intact and the promise understood those many years ago is as valid today as it was then. As the myriad of tax, legal and constitutional issues this case has created thread their way through the courts and state capitols, interested parties would do well to look back at the reasons for the Compact's adoption. Through this prism, one might find it difficult to reconcile the past history with the present day statements of the FTB and the Multistate Tax Commission.

The threat

In 1951, the U.S. Supreme Court in *Spector Motor Service v. O'Connor*ⁱⁱ held that states are precluded from taxing the privilege of engaging in an exclusively interstate business. The perspective, based on perceived Commerce Clause limitations, that a state could not impose an income tax on a nondomiciliary engaged solely in interstate commerce, was short lived. In 1959, the Court in *Northwestern States Portland Cement v. Minnesota*ⁱⁱⁱ again addressed the thorny issue of multistate taxation and for the first time made it clear that there is no Commerce Clause barrier to the imposition of a fairly apportioned corporate income tax on interstate business carried on within a state. The consequences of *Northwestern States* were extensive, including the eventual repeal of the *Spector Motor* doctrine.

In addition, the case produced widespread alarm among businesses convinced of dire consequences to the national economy resulting from taxation of corporations carrying on interstate business. There was an outcry for federal legislation restricting the power of states to tax interstate businesses. Congress quickly responded by enacting one of the most vital pieces of legislation setting forth minimum standards for the exercise of state taxing power: Public Law 86-272. Congress also authorized the commission of a study and report by congressional committees, the outcome of which was to be legislation establishing uniform standards for states in taxing the income of interstate businesses. In 1964, a report, known as the Willis Report, was issued. The Report expressed doubt that any real uniformity could be attained by state action alone. The Report also proposed both substantive and administrative reforms, including a recommendation giving the Treasury Department authority to issue uniform rules and regulations governing state income taxes. Congress thereafter proposed a number of bills that would have established a mandatory method of apportionment and uniform definition of business income.

The promise

During this tumultuous period in state taxation, the National Conference of Commissioners on Uniform State Laws (NCCUSL) approved the Uniform Division of Income for Tax Purposes Act (UDITPA). In its Prefatory Note, the UDITPA drafters noted the "need for a uniform method of division of income for tax purposes among the several taxing jurisdictions." Under UDITPA, all business income is apportioned to a state by multiplying the income by a fraction, the numerator of which is the property factor, plus the payroll factor, plus the sales factor, and the denominator of which is three (i.e., an equally-weighted three factor formula).

Although UDITPA was adopted in 1957, it initially garnered scant attention from the states. However, with a Congressional committee recommending federal legislation to establish a uniform state income tax base and apportionment formula, there was a renewed interest in creating a state-level response to the concerns about the confusing rules and regulations that governed the taxation of businesses operating in interstate commerce. In addition, the visceral response to federal intervention in a state's right to tax and protect political and fiscal sovereignty was palpable. The states' answer to achieving uniformity and avoiding federal intervention was a beautifully simple promise: we, the states, will enact a Multistate Tax Compact ensuring greater uniformity if you, Congress, will shun further intervention into state tax sovereignty.

The Compact was drafted in 1966 and became effective in 1967 after seven states adopted it, effectively quashing any additional federal legislation addressing state taxation. And the promise was made.

In 1968, the Multistate Tax Commission, which was established by the Compact, issued a brochure (see below) touting the benefits of membership in the Compact. Noting what was at stake, the brochure asks: "Are the states, by cooperative action, to adjust their taxing systems . . . and thereby keep control of this 'indispensable' power? Or will the federal government attempt it for them and thereby take control away from them . . . ?"

The Compact includes a number of key provisions. Article IV incorporates UDITPA nearly word for word. Article III allows multistate taxpayers to apportion or allocate their income under formulae and rules set forth in the Compact or by any other method available under state law. It is these very provisions that the brochure advertises as an advantage of membership:

"Choice of Uniform Division of Income Act or state income tax allocation system . . . Businesses required to pay income tax in more than one state or subdivision can choose between the allocation methods of the Uniform Division of Income Act or those of the state or subdivision."

The brochure also notes many advantages to the states, including the "preservation of tax administration" and "single audits" under Article VIII of the Compact. This provision, authorizing the Multistate Tax Commission to perform audits on behalf of member states, presented the first challenge to the Compact.

The challenge

The Compact Clause of the Constitution provides "No State shall, without the Consent of Congress . . . enter into any Agreement or Compact with another State, or with a foreign Power . . ."^{iv} The Multistate Tax Compact has not to this day received congressional approval. In the matter of *United States Steel Corp. v. Multistate Tax Commission*^v, the U.S. Supreme Court was asked to decide whether the Compact was invalid because, among other things, it had not received such approval. U.S. Steel brought the action on behalf of itself and other multistate taxpayers threatened with audits by the Multistate Tax Commission, asking the Court to find the Compact invalid and permanently barring its operation.

The Court affirmed a view that "the application of the Compact Clause is limited to agreements that are 'directed to the formation of any combination tending to the increase of political power in the States, which may encroach upon or interfere with the just supremacy of the United States.'" The Court stated that "On its face the Multistate Tax Compact contains no provisions that would enhance the political power of the member States in a way that encroaches upon the supremacy of the United States." As a result, the Court rejected the contention that the Compact Clause required congressional consent to every agreement between two or more states. The Court thus affirmed the constitutionality of the Multistate Tax Compact.

The maneuver

Thirty five years later, the Multistate Tax Compact again is under challenge, only this time, paradoxically, it is to uphold its core tenet: uniformity. There is general consensus that the Compact provides certain flexibility to the states. For example, states are permitted to set their own tax rates. However, for the Compact to have been successful and stave off federal intervention, there had to be a certain base level of uniformity. Indeed, it appears unlikely Congress would have accepted the premise that uniformity was achieved if, at any time, any member could choose to vary from any basic principle underlying the Compact. Nonetheless, the Multistate Tax Commission has argued that such flexibility is permitted, that the goal of the Compact was not to achieve uniformity but, rather, only to "promote" it. A Commission representative recently opined at a roundtable discussion with Bloomberg BNA^{vi} that after *U.S. Steel*, the Compact members did a maneuver by departing from the initial intent of the drafters and serving more in an advisory capacity with no mandates on what states may do.

The purpose of this article is not to address the legal aspects in *Gillette*. That is left for the lawyers representing the parties. The authors merely ask that the issues be looked at in the context of the Compact's creation, and the reasons for state adoption presented in a brochure distributed to taxpayers by the Commission.

The 1968 Commission brochure states that "The real genius of the Compact is its look to the future. It has a service for all states and business alike." While evaluating the future of the Compact, the Multistate Tax Commission, legislators and tax administrators should remember the Compact's origins.

#

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ⁱ Calif. First Dist. Ct. App. Dkt. No. A-130803

ⁱⁱ 340 U.S. 602 (1951)

ⁱⁱⁱ 358 U.S. 450 (1959)

^{iv} U.S. Const. Article I, Sec. 10, cl. 3

^v 434 U.S. 452 (1978)

^{vi} Bloomberg BNA, Weekly State Tax Report, Sept. 28, 2012

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SOLICITATION

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THE MULTISTATE TAX COMPACT

STATEMENT OF PURPOSE

To establish a Multistate Tax Commission composed of the several states for the purposes of bringing even further uniformity and compatibility to the tax laws governing multistate businesses, to give both business and the states a single place to take their tax problems, to provide an agency that can study and make recommendations on a continuing basis with respect to all taxes affecting multistate businesses, to immediately adopt and place into operation statutes and rules establishing uniformity, and to protect the fiscal and political integrity of the states from Federal confiscation.

ERRATA

Since the publication of this brochure the following changes have been made:

MEMBER STATES

Michigan
as an Associate Member

OFFICERS

C. H. Mack, *Treasurer*
Chairman, State Tax Commission
State of Oregon

THE MULTISTATE TAX COMPACT . . . AN EFFECTIVE ANSWER

The Congress, business, the courts and even the states themselves have asked, "Why isn't there an effective answer to the confusion arising out of the myriad of rules and regulations that govern the taxing of businesses operating in more than one state?"

There is an effective answer. The Multistate Tax Compact . . . an agreement among the states to equitably administer the taxation of multistate business. This is a concerned effort to bring about uniformity and efficiency as well as protect the fiscal and political sovereignty of the states. The Compact is the state's answer to Federal control of state taxing policies and programs.

The state's right to tax is axiomatic. This right has been upheld by the United States Supreme Court since the earliest days of our Republic. The power to tax is zealously guarded . . . "the taxing power is the most jealous power of government; it is also least amenable to the scientific process. Nevertheless,

no one can scan the flood of cases dealing with "jurisdiction" to tax, rules for apportionment and the like, without realizing that the opportunities for taxation open to the States against common resources might find a more economic and more effective solution through negotiation than through litigation. At all events, in view of the growing burden upon time and feelings, as well as the cost in money due to conflicts and the confusion arising from the administration of independent systems of State taxation, the possibilities of amelioration and economy realizable through an alert use of the Compact Clause call for more intensive study, as part of a disciplined attack upon the entire tax problem." (Felix Frankfurter and James M. Landis, "The Compact Clause—A Study In Interstate Adjustments," *Yale Law Journal*, May 1925.)

The Multistate Tax Compact is a disciplined attack upon the entire problem of multistate business taxation. The Compact provides a definitive and effective answer for both government and business.

THE THREAT

There are several pieces of legislation now pending before the National Congress which would place restrictions on the administration of state taxes. These bills plus the suggestions of private individuals tend to create forces which would destroy the independence and right of decision of state tax administrators.

The principal legislation now before Congress (H.R. 2158) would, in the name of uniformity, sharply curtail the state's jurisdiction to tax with the necessary resulting loss in state revenues; would create new and extensive areas of preferential tax havens thus encouraging planned tax avoidance; and destroy the Federal system of government with the state eventually being forced into being mere agencies of the Federal Government.

These bills, before the 90th Congress, if not passed this time, will be introduced again and again until passed unless the states take positive action to stop passage.

H.R. 2158 Provides for jurisdictional limitations and regulatory provisions. This bill concerns itself with corporate income tax, sales and use tax, capital stock tax and gross receipts tax. Jurisdiction would be confined to states in which the firm has a business location. (S. 968 in the Senate)

S. 927 Allow I.C.C. common carriers to be assessed at the lowest rate in a taxing district. It could subject valuation and appraisal of every parcel of land including residence to Federal jurisdiction. Gives injunctive rights to Federal courts. (H.R. 431 and others in the House)

H.R. 2571 Extends to insured state banks the same privileges, protections and immunities available to

national banks doing business in more than one state. (S. 2364 in the Senate)

H.R. 7193 Limits the imposition of state income taxes on wages and salaries of individuals to state of residence. Could mean a Federal definition of residence and domicile. (Others in the House)

H.R. 8389 Limits the jurisdiction of states to tax the income of a member of Congress representing another state, certain of his staff and specified Presidential appointees. (Others in the House)

H.R. 8798 Provides for a system of taxation of monies earned outside a state. (Others in the House)

H.R. 16054 Amends the Interstate Commerce and Federal Aviation Acts so only the state of an employee's residence can request withholding information and returns of the wages of employees employed on vehicles, trains, planes, etc., used in interstate commerce and only the state of that employee's residence may collect state income taxes.

H.R. 15932 Amends the Federal Aviation Act of 1958 to prohibit per head taxes on persons embarking on aircraft at airports within a state.

Under the terms of current proposed legislation (H.R. 2158) the Special Subcommittee on State Taxation, can within two years after enactment of the bill, and on recommendations of the Secretary of the Treasury, propose legislation which would similarly usurp the state's taxing rights in the fields of transportation, utilities, insurance companies, financial institutions, investment companies and holding companies. The Committee may also delve into the interstate aspects of state income taxes imposed on individuals and unincorporated businesses.

OTHER PROPOSALS

Private persons in the field of taxation have also made proposals for taking the tax administrative and policy making functions out of the hands of state tax administrators and placing them under the jurisdiction of the Federal Government.

At the Tax Executive Institute's Symposium in December of 1967 the following proposals were put forth:

1. A plan which would allow Congress to fix the measure of tax, the apportionment and allocation schedules used by the states and the rate of the tax, federally prescribed and apportionment and allocation methods with standards for their use set by a Federal administrative agency and all regulations, Federal or state, subject to Federal interpretation.
2. Use of the Commerce Clause to give the Federal Government unlimited taxing powers in the area of multistate business and unlimited power to dictate state tax administration. There would be no freedom of action by the states except as allowed by the Congress.

Many of these features can be accomplished by the Multistate Tax Commission and in a manner equitable to all.

WHAT'S AT STAKE? THE "INDISPENSABLE" POWER TO TAX

"Although many of the powers formerly exercised by the states are transferred to the Government of the Union, yet the state governments remain and constitute a most important part of our system. The power of taxation is indispensable to their existence . . ." (Chief Justice Marshall in *Gibbons v. Ogden*, 1824)

" . . . the taxing power of a state is one of its attributes of sovereignty . . . It exists independently of the Constitution of the United States, and undervived from that instrument . . . And in thus acknowledging the extent of the power to tax belonging to the states, we have declared that it is indispensable to their continued existence." (Justice Strong in *Union Pacific R.R. v. Peniston*, 1873)

"The formal shift in the contractual tagging of the salesman as 'independent' neither results in changing his local function of solicitation nor bears upon its effectiveness in securing a substantial flow of goods . . . to permit such formal 'contractual shifts' to make a constitutional difference would open the gates to the stampede of tax avoidance . . ." (Justice Clark in *Scripto v. Carson*, 1960)

Are the states, by cooperative action, to adjust their taxing systems to the modern needs of our national economy and thereby keep control of this "indispensable" power? Or will the Federal Government attempt it for them, and thereby take control away from them and place their taxing power at the sufferance of the Federal Government? This is what's at stake.

THE GOVERNORS SPEAK ON THE ISSUES

The states should be free to design and make rules for the equitable administration of taxes. This Multi-state Tax Compact is a step toward the realization of this goal . . . Stan Hathaway, Wyoming.

. . . the most expeditious is the methodology of the Multistate Tax Compact which provides the machinery for voluntary and collective interstate solutions . . . Otto Kerner, Illinois.

The Multistate Compact is an effort by the states to insure that taxes are equitable to multistate taxpayers, and also equitable to local taxpayers and to local and state governments . . . John A. Love, Colorado.

Responsible government requires us to maintain close contacts with those discussing state taxation of multistate business corporations and firms whenever such deliberations appear likely to be productive and beneficial to taxpayer and state alike . . . Hulett C. Smith, West Virginia.

The solutions of the legitimate problems of interstate taxation lie in uniformity rather than in the preferential exclusion of multistate businesses from state taxation . . . Ronald Reagan, California.

The Compact is drafted in such a manner as to provide equitable treatment for the multistate taxpayer and maintain the necessary autonomy to allow state and local governments to operate effectively . . . Roger D. Branigin, Indiana.

It is just as unthinkable to consider nationalizing state and local taxes as nationalizing industry . . . Nelson Rockefeller, New York.

The states must be willing to assume the responsibilities of self-government, which includes providing adequate financial resources. Only by such action can they keep their fiscal and political independence. The Compact provides us with the tool to take such action. It is a test of our whole Federal system . . . Daniel J. Evans, Washington.

. . . be it further resolved by the National Governor's Conference that it pledges its best efforts to reach an agreement among the states on an interstate (tax) compact . . . National Conference of Governors, December 1966.

MULTISTATE COMPACTS DO WORK

With respect to handling significant problems which are beyond the unaided capabilities of the regularly constituted agencies of individual state governments, the accepted instrument is an interstate compact or agreement.

Compact agreements *do* work. For example The Interstate Compact for the Supervision of Parolees and Probationers. Operates in all 50 states, the Commonwealth of Puerto Rico and the Virgin Islands.

The Interstate Civil Defense and Disaster Compact. Operates in all 50 states, the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands and Guam.

The Vehicle Equipment Safety Compact. Enacted by 44 states and the District of Columbia.

The Interstate Compact on Juveniles. In force in 42 states.

The Compact for Education. Operates in 36 states, the Commonwealth of Puerto Rico, the Virgin Islands and American Samoa.

The Interstate Compact to Conserve Oil and Gas. Operates in 30 states.

Presently over 144 multistate compacts are in operation among the states. Some compacts administer, others regulate and still others act in an advisory capacity to their members.

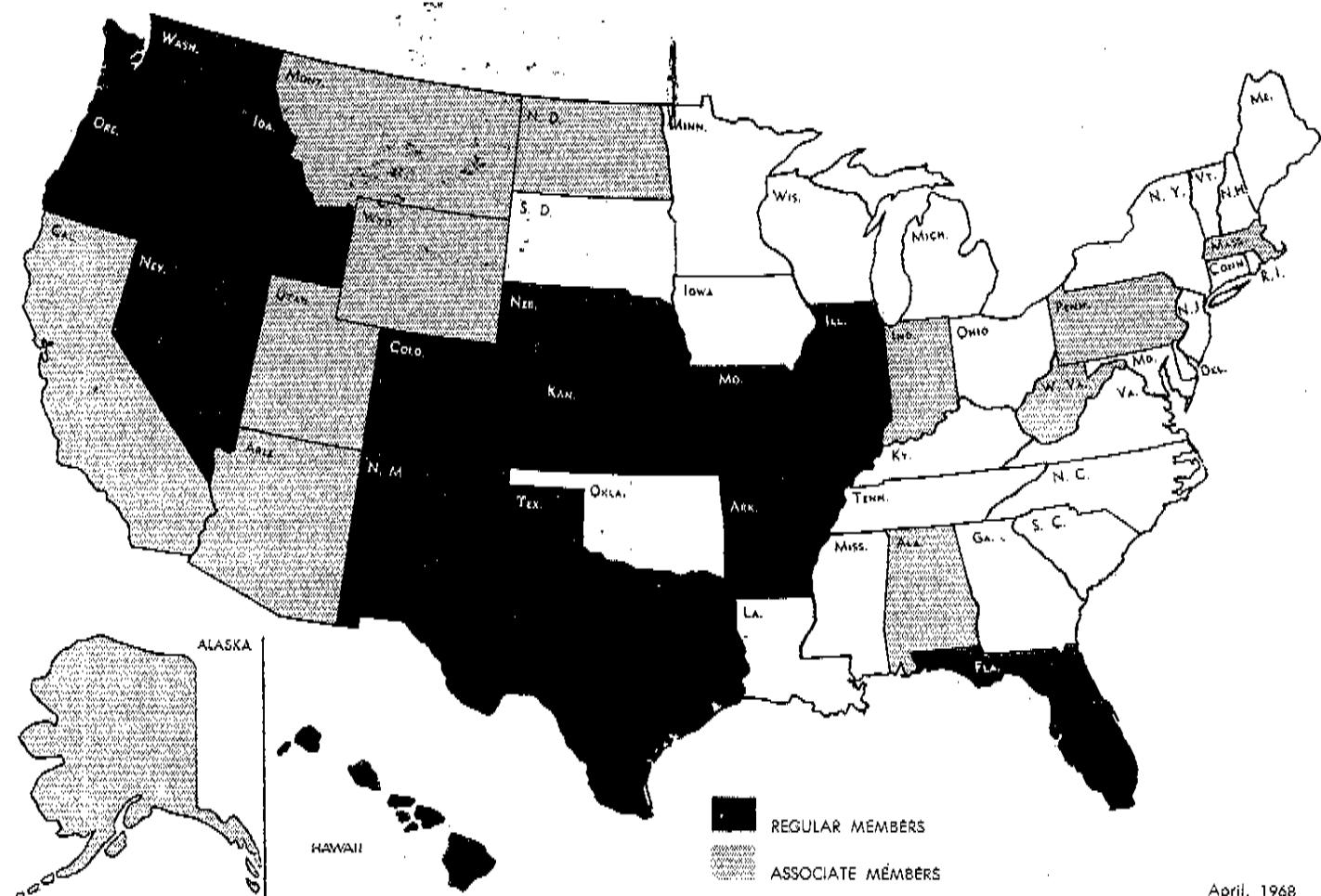
The Committee for Economic Development has recommended "interstate cooperation in solving mutual problems be exploited actively through interstate compacts. Every state should explore the opportunities for cooperation through the use of interstate compacts." The Committee also recommends "all 50 states greatly intensify their efforts to adopt uniform state tax laws."

HISTORY

The history of the Compact is the history of the states' struggle to save its fiscal and political independence from the encroachments of the Federal Government as embodied in several pieces of legislation before the Congress. This legislation purports to bring about uniformity but in reality usurps the power of the states in the fields of taxation and tax administration in regard to multistate businesses.

The chronology of the Compact is as follows:

January	1966	Plan for Compact envisioned at meeting of the National Association of Tax Administrators.
February to December	1966	Committee of attorneys general and tax administrators under the auspices of the Council of State Governments, drafted the Compact.
November	1966	Final drafting session held.
December	1966	Compact draft amended and completed.
June	1967	Organizational meeting, San Francisco. Attended by 11 states whose Legislatures had approved the Compact.
August 4,	1967	Compact becomes legally effective.
October	1967	First legally authorized meeting held in Washington, D. C.
January	1968	Second regular meeting held in Kansas City. Committee assignments and other plans placed into action.
April	1968	Twenty-sixth state joins Compact Commission.



April, 1968

MULTISTATE TAX COMMISSION MEMBERS

MEMBER STATES

Twenty-six states have joined the Commission since it was organized in June, 1967. Fourteen states are regular members; twelve are associate members.

Regular members are states whose Legislatures have enacted the Compact. They include:

Arkansas	Missouri
Colorado	Nebraska
Florida	Nevada
Hawaii	New Mexico
Idaho	Oregon
Illinois	Texas
Kansas	Washington

There are two types of associate members. States who have joined the Commission by proclamation of their respective governors

Alaska	Montana
Arizona	North Dakota
California	Pennsylvania
Indiana	Utah
Massachusetts	West Virginia

and states whose Legislatures have passed the Compact but, made adoption dependent on subsequent conditions.

Alabama	Wyoming
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ADVANTAGES TO THE STATES

- Preservation of tax administration
- Exchange of audit information
- Single audits
- Protection of fiscal and political sovereignty
- Voluntary compliance of taxpayers
- Lower compliance costs
- Continuous research into multistate tax problems
- Continuous legal, technical and tax consulting through the use of outside advisors and exchanges of information between the states
- One agency for businesses to present their views, problems and suggestions
- Joint corrective action of multistate tax problems
- Advisory administrative rules
- Advisory regulations for uniform statutes
- Allow for business expansion within any given state

ADVANTAGES TO BUSINESS

One tax agency . . .

A single place for business to bring its tax problems arising out of multistate operations. The Commission gives multistate business the opportunity to deal with one agency instead of many—in some cases as many as 50.

Elimination of charges for out-of-state audits . . .

The Commission can conduct one audit of a taxpayer doing business in more than one state or subdivision. This information is available to the states in which he does business or the United States for tax purposes only. The taxpayer is not charged for the cost of an audit. The states requesting the audit are charged for the actual costs incurred.

Provide credits for sales taxes previously paid . . .

To prevent duplicative taxation of articles acquired outside the state, an offset is specifically allowed against the use tax for sales or use taxes paid on the same property to any other state or subdivision.

Choice of Uniform Division of Income Act or state income tax allocation system . . .

Businesses required to pay income tax in more than one state or subdivision can choose between the allocation methods of the Uniform Division of Income Act or those of the state or subdivision.

Prevents overlapping and duplicate taxes . . .

The Uniform Division of Income Act and the sales and use tax credits are examples of methods used to prevent overlapping and duplicate taxes.

Solve interjurisdictional problems . . .

Business can request an arbitration board be convened to settle disputes over apportionment and

allocation of taxes. The business may appeal to the Board from the final administrative determination of a state. This article goes into effect when the Commission, by the adoption of a regulation, determines there is a need for it. The ruling of the Board is binding on all Compact states in which the taxpayer does business.

One audit for all states . . .

Allows the multistate taxpayer the advantage of having just one audit which can be used by all party states for tax purposes only.

Simplified reporting . . .

Development of methods to simplify the reporting of taxes when more than one state or subdivision is involved will benefit business. The provision allowing businesses with sales of \$100,000 or less to pay a flat rate on the basis of percentage of volume is an example of this simplification.

Standard forms . . .

One of the advantages to business will be the use of standard forms for reporting among the states. This standardization is another step towards uniformity and simplification.

Uniform regulations . . .

Uniformity is aided by the making of advisory administrative regulations applicable to any uniform provisions of statutory law.

Uniform procedures . . .

Procedures for reporting, allocating and collecting of taxes of multistate businesses operating in more than one state or subdivision would be standardized.

THE MULTISTATE TAX COMPACT A BRIEF SUMMARY

The Multistate Tax Compact is composed of two parts; the Compact itself, consisting of 12 articles, and the accompanying "Enabling" legislation.

ARTICLE I

Statements of Purpose

ARTICLE II

Definitions

ARTICLE III

Allows a taxpayer whose net income is taxable in more than one state to elect to apportion and allocate his income on the basis of the apportionment policies of the state or subdivisions, or alternatively on the basis of the Uniform Act contained in Article IV.

Provides a simple way for companies with sales of \$100,000 or less to pay flat rate on the basis of the percentage of volume and without having to file a complicated return.

ARTICLE IV

The Uniform Division of Income for Tax Purposes Act.

ARTICLE V

Provides for a claim for credit of sales or use taxes on property subjected to the same tax in another state or subdivision.

Recognizes resale or exemption certificates accepted and received by a vendor from a purchaser which relieves the vendor of liability for a sales or use tax on the transaction.

ARTICLE VI

The organization and management of the Multistate Tax Commission. The Commission is made up of a representative from each member state who is the head of that state's taxing agency.

Provides for annual reports to the Governor and Legislature of member states.

Provides for an Executive Director to handle day-to-day business of the Commission.

Provides for the study of state and local tax systems and particular types of taxes.

Provides for the development and recommendation of proposals which would increase uniformity and simplify and improve tax laws and administration.

ARTICLE VII

Provides for the adoption of regulations which will give a uniform interpretation of uniform or similar tax laws. These regulations will be binding on states adopting them.

ARTICLE VIII

Multistate audits. Permits one audit of a multistate taxpayer by the Commission and made available to party states for tax purposes only. Each state must specifically adopt this article.

ARTICLE IX

Provides for an "Arbitration" procedure which will give the taxpayer a forum within which to have uniform determination as to apportionment, which will be binding on all Compact states in which the taxpayer does business.

This article goes into effect when the Commission, by the adoption of a regulation, determines there is a need for it.

ARTICLE X

Explains when Compact enters into force and how members may withdraw from the Compact.

ARTICLE XI

Effect of Compact on other laws.

ARTICLE XII

Construction and Severability.

COOPERATION WITH BUSINESS

To better understand the tax problems of business in regard to their multistate operations, the Commission has maintained contact with various businesses and business organizations since its inception. This liaison with business has been an asset to the Commission and underlines the philosophy of finding equitable and just methods of resolving the tax problems of multistate businesses.

Business organizations who have sent observers to Commission meetings are:

Advisory Commission on Intergovernmental Relations
American Arbitration Association
American Bar Association
American Institute of Certified Public Accountants
Bureau of National Affairs
Chamber of Commerce of the United States
Columbia Broadcasting System
Commerce Clearing House, Inc.
Council of State Governments
Montgomery Ward
Monsanto Company
National Association of Manufacturers
National Retail Merchants Association
Prentice-Hall, Incorporated
Tax Executives Institute
Various Local Chambers of Commerce
Various State Bar Associations
Weyerhaeuser Company

ADVISORS AND CONSULTANTS

A distinguished group of men, prominent in business and academic circles, serve as advisors and consultants to the Multistate Tax Commission.

- Charles B. Bayly, Jr.
Tax Counsel, Columbia Broadcasting System
- Robert Coulson
Executive Vice President, American Arbitration Association
- John Due
Professor of Economics, University of Illinois
- Lee Hill
General Tax Counsel
Humble Oil & Refining Company
- Max Kaminoff
Attorney, Bogle, Gates, Dobrin, Wakefield & Long, Seattle
- Art McCourt
Assistant to the Controller, Weyerhaeuser Company, Representing the Tax Executives Institute
- William Pierce
Professor, University of Michigan Law School
President, National Conference of Commissioners on Uniform State Laws
- Donald H. Webster
Professor of Political Science, University of Washington

INTEREST AMONG NON-MEMBER STATES

Enthusiastic acceptance of the Compact method and the Multistate Tax Commission as an answer to the problems of uniformity of state tax laws and as a buffer against Federal encroachment on the taxing powers of the states has been expressed by an interest in the Compact on the part of a large number of states. Along with the 26 states who are now members of the Commission, 16 others have sent observers to Commission meetings.

A LOOK TO THE FUTURE

The Compact and the resulting Multistate Tax Commission are not just instruments of today. They are the vehicles on which ride the tax problems of tomorrow. The Commission offers the most exciting promise for progress in the field of multistate taxation.

The research program of the Commission will be able to identify problems of the future and provide for its members alternatives for problem solution, either on an individual basis or through cooperative action. The Commission will be a vehicle through which the states can exchange information and develop new cooperative programs not yet visualized.

The real genius of the Compact is its look to the future. It has a service for all states and business alike.

MULTISTATE TAX COMMISSION

OFFICERS

George Kinnear, *Chairman*

Director, Department of Revenue
State of Washington

Thomas A. David, *Vice Chairman*

Director, Department of Revenue
State of Missouri

E. H. W. Hoefke, *Treasurer*

Chairman, State Tax Commission
State of Oregon

EXECUTIVE COMMITTEE

James T. McDonald

Director, Department of Revenue
State of Kansas

F. A. Vigil

Commissioner of Revenue
State of New Mexico

Kenneth Kimbro

Chief Clerk and Tax Administrator
State of Texas

J. Ed Straughn

Director, State Revenue Commission
State of Florida

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State of New Mexico

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State of Texas

J. Ed Straughn
Director, State Revenue Commission
State of Florida

S. Ed Tveden
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