



State of New Hampshire Department of Revenue Administration

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Kevin A. Clougherty
Commissioner

Margaret L. Fulton
Assistant Commissioner

February 21, 2013

Her Excellency, Governor Margaret Wood Hassan
And the Honorable Council
State House
Concord, New Hampshire 03301

REQUESTED ACTION

Authorize the Department of Revenue Administration to **retroactively** pay The Federation of Tax Administrators (FTA), (VC#168695), Washington, DC in the amount of \$8,845 for organizational dues effective July 1, 2012 through June 30, 2013. 100% General Funds.

Funding is available in account:

FUNDING

01-84-84-840010-7884 Administration

026-500251 Membership Fees	FY 2013	\$8,845.00
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EXPLANATION

The FTA is a national organization that allows all states to coordinate their needs with other states and the federal government. The FTA provides the Department of Revenue Administration with services, bulletins and memoranda on matters regarding taxation, public finance, and invaluable resources that it could not get anywhere else. This request is retroactive due to the billing cycle of the FTA and membership rate negotiations with the FTA. It should be noted that through this negotiation FTA has maintained the member rates since 2008.

Listed below are answers to standard questions required for Governor and Council organization dues and membership approval submissions:

1. How long has this organization been in existence and how long has this agency been a member of this organization? The Federation of Tax Administrators (FTA) was organized in 1937 to improve the quality of state tax administration by providing services to state tax authorities and administrators. The State of New Hampshire has been a member since the inception of this organization.

2. Is there any other organization which provides the same or similar benefits which your agency belongs to? No

TDD Access: Relay NH 1-800-735-2964

Individuals who need auxiliary aids for effective communication in programs and services of the Department of Revenue Administration are invited to make their needs and preferences known to the Department.

3. How many other state's belong to this organization and is your agency the sole New Hampshire state agency that is a member? FTA serves the principal tax collection agencies of the 50 states, the District of Columbia, Puerto Rico, and New York City. The Department of Safety also is a member of FTA for Fuel Tax purposes.
4. How is the dues structure established? (Standard fee for all states, based on population, based on other criteria, etc) The fee is based on other criteria. The FTA uses a three-factor formula as follows:
 1. Equally weighted three factors. Three factors are: (a) equal share, i.e., total dues divided by 52 (D.C. and NYC are members); (b) share of U.S. population for the jurisdiction taken from 1999 state population estimates from the Census Bureau; and (c) share of "state revenues" derived from the Census bureau data. "State Revenues" for this purpose includes all state tax revenues minus property taxes and license taxes except corporation license taxes.
 2. There is a maximum of \$105,952 established; i.e., any jurisdiction whose allocated share of dues under three factors exceeds \$105,952 is capped at that level. Affects only California.
 3. There is a minimum of \$14,742 established; i.e., any jurisdiction whose allocated share of dues under three factors is less than \$14,742 is raised to that level. [New Hampshire qualifies for the minimum.]
 4. The total dues of the minimum and maximum states is removed from the total, and the remainder is then allocated among the remaining states based on the three factors described above.

The total amount of dues for the state is then divided between Department of Safety and DRA.

5. What benefit does the state receive from participating in this membership? The FTA allows all states to coordinate their needs with the other states and the federal government. The FTA provides the Department with research services, bulletins and memoranda on matters regarding taxation, public finance, key seats at the table with counterparts, and invaluable resources. The FTA allows for unlimited inquiry privileges to databases and linked research tools. The FTA acts as a liaison facilitating tax exchange agreements between the 50 states. This sharing of information affords the states the opportunity to identify tax issues relevant to our laws which leads to compliance with tax laws and increased revenues.

The FTA also provides liaison services between the 50 states and the Internal Revenue Service. These services expand the data exchange from the IRS to New Hampshire allowing us to collect millions of dollars every year based on federal audit adjustments. Additionally, this data is used to match with state tax data identifying returns in need of review enhancing compliance.

Finally, the FTA identifies proposed and actual federal law changes that impact the state of New Hampshire's ability to enforce its tax laws. Most recently, the FTA coordinated the states' response to federal "Business Activity Tax" legislation. This legislation would have cost the state

of NH over 6 million dollars every year. This legislation would have provided out of state businesses with significant advantages over New Hampshire based businesses.

6. Are training or educational/ research materials included in the membership? If so, is the cost included? Explain in detail. The FTA will provide at no charge research materials, offers members only scholarships to attend key meetings with state counterparts, as well as publishing a weekly Tax Express which provides information on current events happening in Congress, the Internal Revenue Service, and the U.S. Supreme Court. The FTA also publishes annual directories of state tax administration officials and other period research reports. The FTA offers research tools utilized by the Audit Division while conducting in-state and multi-state tax audits.
7. Is the membership required to receive any federal grants or required in order to receive or participate in licensing or certification exams? Explain. No.
8. Is there any travel included with this membership fee? Explain in detail any travel to include the number of employees involved, the number of trips, destination if known and purposes of membership supported trips. The membership dues do not include travel. The FTA training conferences which, if attended, are requested individually through the travel waiver process.
9. Which state agency employees are directly involved with this organization? (Indicate if they are members, voting members, committee members, and/or officers of the organization.

Kevin Clougherty, Commissioner – member, Margaret Fulton, Assistant Commissioner, Carol Guyer, Internal Auditor – National Secretary for the Tobacco Section of the FTA, Kathleen Sher, Director of Audit, Kathryn Skouteris, Legal Counsel, and Brian Pace. All department employees are deemed members and may access information through the FTA website which provides links to other states, tax form sites, electronic filing sites, information on state tax structures as well as upcoming events hosted by the FTA.

10. Explain in detail any negative impact to the State if the Agency did not belong to this organization. The Department does not have the resources that are offered through the FTA nor the direct information regarding other States. The Department would be responsible for tracking all federal legislative changes as well as having to contract with research companies to provide the data needed to ensure New Hampshire's interests were being represented on a National level. The Department would have to contract with training facilities to obtain the updated audit information and technique obtained through FTA.

We respectfully request your consideration regarding this matter.

Sincerely,



Kevin A. Clougherty
Commissioner of Revenue

Attachment



FEDERATION OF TAX ADMINISTRATORS

The Association of Tax Agencies of the 50 United States, District of Columbia and New York City

Member Dues Invoice
Fiscal Year 2013 - July 2012 through June 2013
Total Amount Due Upon Receipt

New Hampshire Dept. of Rev. Administration
109 Pleasant Street
Concord, NH 03301

2013 FTA Dues Amount: \$8,845.00

Please pay this amount.

Please note also that the dues amount for 2013 has not increased. It is the same as 2008 - 2011.

If you have any questions concerning this invoice please contact FTA:
Office Manager Darrell Reeves, 202-624-5892 and darrell.reeves@taxadmin.org
Executive Director Gale Garriott, 202-624-5891 and Gale.Garriott@taxadmin.org

Thank you for your membership and support of the Federation of Tax Administrators.

*For: Services, bulletins and memoranda of the Federation of Tax Administrators,
including use of research facilities and unlimited inquiry privileges
on matters of taxation and public finance.*

FTA FEIN: 36-2327263