

**Clearinghouse Advisory Committee  
Conference Call  
02/22/2007**

Present: Garry Hinkley, Deb Stuart and Clarissa Hurley from Maine; Scott Miller and Pat Platt from Kansas; the IFTA group of Debbie Meise, Jason DeGraf and Lonette Turner; Bill Kron from MS, Susan Pauls from WI, and Gary Frohlick., SK.

Absent: Tim Galbraith from WI

**Agenda:**

**Paperless jurisdictions/Funds netting**

Nothing new to report except 1 jurisdiction (Florida) is sending paper documents, containing manual adjustments, which differ from the actual data being uploaded. A notice was sent to them indicating that they will not be renewed until they are completely paperless. So far, there has been no reply. Do we intend to alert other jurisdictions of this issue? The original complaint was received from another jurisdiction. There is no way to be 100% sure others are compliant. A couple of other potential violators were previously mentioned; however, they have been paperless since July of 2006.

Other jurisdictions with potential issues other than Florida are: South Dakota, Idaho and Arizona; Minnesota is questionable and possibly New Hampshire and Indiana.

The Access Agreement has been reviewed (by both Garry and Gary) and it looks good. It will now be sent to the lawyer for review. The audit portion was not included in the agreement. Although jurisdictions are encouraged to use the audit upload, it is not required at this time. However, this will be revisited in the future.

**Timeliness of Tax Returns (Jason's project)**

Last conference call, it was decided that the timeliness of tax return transmittals would be reviewed. The Jason, Lonette and Debbie applied some logic and looked at transmittals 1 through 12 for 2006; each transmittal was reviewed separately.

A return was considered "late" if it was a timely-filed original return, processed more than one month after the due date, without interest. For example, a first Q 2006 return would be counted if the return was processed after May 31 without interest.

Some findings were the fact that each transmittal contained late returns, including some dated as far back as 1996.

Example: Transmittal 1 of 2006 contained 57,146 returns and of that number, 6,668 were late – or 11.67 % of the returns. Some of the return dates spanned from the 1<sup>st</sup> quarter of 1998 to the 3<sup>rd</sup> quarter of 2005. This equates to 2.2 million dollars in returns not transmitted in a timely manner, not including the interest which was not calculated.

It was very clear by looking at all 12 transmittals that most returns are being processed quite timely. However, when transmittals are late, billing and the money received and disbursed is inaccurate.

It was noted that the 3<sup>rd</sup> and 4<sup>th</sup> quarter returns showed more late filings. It is assumed this is so because these quarters fall within actual "tax season" and delays may occur because of income tax returns.

What do we want to do with this information? At this point, the jurisdictions with a pattern of late transmittals were not identified. It was not the intent of the research to point fingers.

It was suggested that it may be possible to use compliance review on-site visits to find out more information on the issue. It was noted that when visiting a site, a return over 365 days old has never surfaced; therefore, everything that is on-site is not being disclosed.

It was suggested that maybe the jurisdictions are not aware of this problem or that some jurisdictions may be intentionally stopping or delaying some of these refunds.

Jason was asked if the data could be forwarded to the group as a spreadsheet. Lonette has an Excel spreadsheet, containing most of the data needed to look at the results. She will forward it, along with the parameters needed to view the information.

Should the discussion of this project take place at the Annual Board Meeting? It would be a lively discussion and Lonette is concerned about how receptive the audience would be. For the time being, the discussion will be restricted to Board members only, as they originally asked for this information. However, when discussing the information, no monetary figure will be disclosed, only the number of tax returns. If asked for a monetary figure, just state "a significant amount of money". It was also suggested that we disclose percentages.

Should the information be posted on the Commissioner's Discussion Board? No, a closed discussion is the best way to proceed.

It was suggested that we should use this information to find non-compliant jurisdictions. (Confidentiality statements are signed by all jurisdictions). Jurisdictions could be asked permission to allow research during on-site compliance review visits. Wyoming will be visited in May. It's possible to get into such detail that the even the carriers could be identified.

### **Jurisdiction Updates**

Colorado; providing data only once a month. Have been advised that this is not acceptable (not a Clearinghouse issue) and this fact will be reviewed during their compliance review.

Missouri; Vendor not providing data so we are unable to provide a user name/password.

Saskatchewan; still an issue – more difficult because an out of the Country jurisdiction.

Oregon; unsure as to why they have not moved forward because they are ready to do so.

### **NLETS**

There has been no further discussion on NLETS – still looking into this issue. Have to contact law enforcement. The next call regarding this topic is in March.

The next call is March 29<sup>th</sup> at 11:00 eastern time.