

From: MacLean, Alex
Sent: Tuesday, January 31, 2012 10:18 PM
To: Spaulding, Jeb
CC: Peterson, Mary; Lofy, Bill
Subject: Re: A brewing storm...

Great, thanks.

Sent from my iPhone

On Jan 31, 2012, at 6:16 PM, "Spaulding, Jeb" <Jeb.Spaulding@state.vt.us> wrote:

> Anne Cummings and Mark McDonald asked me to visit with them at lunch today. At their request, I told them I would quickly convene a meeting with the Chairs and Vice Chairs of Ways & Means and Finance and the leadership team at Tax to air and discuss their concerns. I plan on arranging that for Thursday or Friday, unless one of you have a big concern about this. I actually think it will be helpful all the way around and don't think it will turn into an ugly meeting.

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> --- Jeb

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> -----Original Message-----

> From: Peterson, Mary

> Sent: Tuesday, January 31, 2012 4:51 PM

> To: MacLean, Alex; Spaulding, Jeb

> Cc: Lofy, Bill

> Subject: RE: A brewing storm...

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> I actually think the Tax Dept's solution of reorganizing the Dept makes much more sense than micromanagement of the Department and its audit projects.

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> You should know that Sen. Westman is behind this latest brouhaha - which btw, stems from an offhand comment made by an auditor to a taxpayer who has a home office - there was NO ASSESSMENT. Anyway, I told Sen. Westman that I was considering a re-org, and that seemed to be his end game as well - not that I can ever really understand Richie. In the meantime, he was demanding a bunch of info. I know Sen. Illuzzi's problem as well, which I unfortunately was just a bit too late to head off.

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> In any event, I think re-org is the answer, although I hesitate to involve the legislature in what that looks like. My deputy (Gregg), Michael Costa and I spent a good deal of today putting the final touches on the plan, which we present to Kate Duffy and Michael Clasen tomorrow. Needless to say staff has not been informed, which makes timing tricky.

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> The outline is this - we take 7 open positions, including 4 "tax examiners" (auditors) from our Compliance Division and create a new Policy, Outreach and Legislative Affairs Division. This new division would have a Director, 3 Policy Analysts (including at least one 1 lawyer), 2 Outreach staff, as well as a business analyst and a staff assistant for support. With respect to

policy, the policy analysts would be responsible for developing and documenting internally consistent tax positions. This capacity was almost completely decimated in the RIFs. The outreach staff would then be responsible for all the communication necessary to educate the public on the Department's positions - everything from developing scripts, training staff, to maintaining the website and other social media, to interactions with CPAs, to forums with business groups, to letters to affected taxpayers. If this capacity ever existed in the Department before the RIFs, little evidence was left behind...The Director would be responsible to manage both these functions, and be the direct liaison to the Legislature and the soon to be formed Tax Advisory Board.

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> With Kate and Michael Clasen's advice, I think we could roll this out pretty quickly. I could meet at 1:30, meeting them at 2:00 at Michael's office.

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> Mary

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> -----Original Message-----

> From: MacLean, Alex

> Sent: Tuesday, January 31, 2012 4:28 PM

> To: Spaulding, Jeb; Peterson, Mary

> Cc: Lofy, Bill

> Subject: A brewing storm...

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> Hi All -

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> Looks like we have a potential storm brewing on regarding the tax department. The Senate is all up in arms about the various "auditors reinterpreting tax law." I don't yet understand where they are going with this but when Mark MacDonald and Vince Illuzzi are on the same page we have a problem.

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> MacDonald seems to be suggesting a solution which on the face of it seems relatively sane - he would like to have better communication between the Chairs of Finance and Ways and Means before the Tax Dept sends out compliance letters so that legislators aren't picked off one by one once the letters go out. Can we talk about this - I have heard about it today from Senators MacDonald, White, Kittell, Campbell, and Illuzzi....

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> Also, it looks like Masland is proposing a severance tax to replace the sales tax on timber sales. Mary, I am guessing that your Department would have a host of issues on this...?

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> Best,

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> Alex
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>
> Alexandra MacLean
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