

1 significant limitations on state taxation of interstate commerce. See, e.g., H.R. Rep. No. 89-952,
2 Pt. VI, at 1143 (1965). The Compact was the States' response to claims that inconsistent taxing
3 systems imposed undue burdens on taxpayers subject to multi-jurisdictional taxing authority.
4 Acting through its member states, the Commission develops model uniform laws and
5 regulations pertaining to common issues in state taxation where the Commission believes that
6 uniformity will benefit the states and the taxpaying community. The Commission also files
7 briefs as a friend of the court in certain cases where, as here, the Commission believes that
8 important state tax administration and policy-making principles are at stake.

9 3. The Commission's primary interest in submitting its brief in this case arises from
10 its mission of preserving our system of federalism, which demands that states respect one
11 another's sovereignty interests and policy determinations. Those sovereignty interests are
12 undermined where the courts of one state are permitted to review the discretionary actions and
13 policy determinations of an agency of another state. In addition, the Commission has a
14 fundamental objection to proceedings which constitute collateral attacks on the administrative
15 and adjudicative functions established by states to determine the tax liabilities of its taxpayers.
16 Such collateral attacks significantly hamper the proper administration of the States' taxing
17 systems and undermine the public's confidence in the impartial and prompt administration of
18 tax laws.

19 4. The Commission also has an interest in this case because of its role as an agent
20 for the States in conducting audits of multi-jurisdictional taxpayers pursuant to Article VIII of
21 the Compact. The Commission regularly sends auditors into multiple states and conducts audits
22 in those states according to the established laws and practices of its member states. The
23 Commission is concerned by any proceedings which would impose liability by supplanting
24 those established laws and procedures with *ad hoc* determinations of applicable standards of
25 care for tax agencies.

26 5. The Commission also has an interest in this case arising from the imposition of
27 substantial punitive damages by the citizens of one state against the government, and thus the
28 citizens, of another state. The Commission believes that the continued independence of state tax

1 systems is vitally dependent on interstate cooperation and comity, and that the allowance of
2 such damages would be deeply harmful to those interstate relationships.

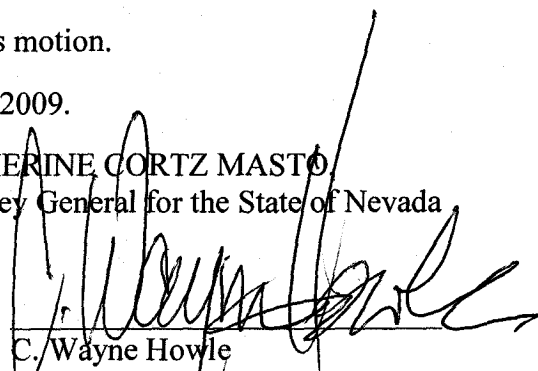
3 6. The Commission submits that its 42 years of experience in multistate tax
4 administration, auditing, rule-making and interstate dispute resolution on behalf of states and
5 taxpayers gives it a unique perspective on the issues raised in this appeal and that its experience
6 and expertise can be of material assistance and guidance to this Court.

7 WHEREFORE, The Commission respectfully prays for an order granting it leave to file
8 its Brief as *Amicus Curiae* on behalf of Appellant/Cross-Respondent Franchise Tax Board of the
9 State of California conditionally submitted with this motion.

10 Respectfully submitted this 20th day of July 2009.

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