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Nikki Dobay: Hello, and welcome to Getting Salty, a state and local tax policy podcast hosted by Greenberg Traurig. My name is Nikki Dobay, shareholder in the Sacramento, California, and Portland, Oregon offices.

I'm super pleased today to be joined by Luke Morris, the assistant secretary of the Louisiana Department of Revenue, and Zach Wyatt, the legislative director of the Missouri Department of Revenue, [00:01:00] for a discussion of the fine line between tax policy and tax administration.

Luke and Zach, thank you so much for joining me.

Luke Morris: Thank you for having us, Nikki.

Zach Wyatt: Yeah, thanks. This is great.

Nikki Dobay: Well, before we get into the meat of this, I want to ask a quick question. This probably could be a whole podcast in and of itself. But, Zach, I'll start with you. How the heck did you get into this state and local tax world?

Zach Wyatt: Oh, man. [00:01:30] If you would have asked me back in my younger days if I was going to be working for the Department of Revenue, I probably would have laughed at you and said, "Who is that? Why would I want to do that?"

Honestly, it really came down to when I was in the legislature, about 10 years ago. I was the vice chairman of Rural Economic Development. I got a little bit of knowledge in tax [00:02:00] policy and tax law. That started the process. But it really wasn't until about seven years ago that I started working at the Department of Revenue, and just kept going, and learning more about tax policy and tax administration. It's a love that I've developed over the years. I learn something new every day. It's something that I really, really enjoy.

Nikki Dobay: Awesome. Luke, how about you?

Luke Morris: [00:02:30] My undergrad was in accounting. At one time in my past, I was going to be a CPA, probably work for one of the big four. But I did what my accounting professors advised not to, and that was go to law school. Three years later, I'm a JD. I found myself at the Department of Revenue. I remember, the former Secretary, Kevin Richard, he was actually on my interview panel. I remember

asking him the question of, "Well, in this [00:03:00] position that I'm being considered for, would I ever be going to the Capital? Would there be any testifying in front of legislative committees?" He's like, "No, not at all." That is probably what I do six months out of the year.

It's definitely not what I expected, but I do too, enjoy it. It's definitely interesting. Tax policy, it's where everything begins in the state government sphere. I've enjoyed it. It's been good to me these last nine years.

Nikki Dobay: You don't have to answer this question. Did you ask that question because [00:03:30] you wanted to testify in front of the legislature, or you wanted to make sure you didn't testify in front of the legislature?

Luke Morris: I had had a short stint of experience with state government working for our legislative auditor. I remember they would go to committee meetings whenever there would be a local government that couldn't balance its budget or something. I just remember how intimidating it seemed, to be at the table in front of members of the legislature, trying to explain something. Back then, it was a sigh of relief that I wasn't [00:04:00] going to have to do it. Now it's part of what gets me going in the morning, is when our legislature's in session, and we're going to fix all the tax policy problems out there.

Nikki Dobay: Awesome. Well, I think those are great intros to the topic. You both have been speaking at the FTA meetings on a panel, and the title is The Fine Line Between Tax Policy and Tax Administration.

One of you enlightening the listeners of what this session is about. [00:04:30] You're not going to get the whole session. If you want to get the whole session, you have to come to MSATA, or NESTOA, or WSATA later this year. But this is going to whet your appetite for this session.

Zach Wyatt: Yeah. Really, the session is to talk about how we, working for the Department of Revenue, work very closely with the tax policy side and the administration side. We're that bridge, or say liaison, between [00:05:00] the legislature, the Governor's Office, and the Department to make sure that, when bills are being drafted or when bills are being proposed by the legislature, just to really make sure that they're going to be able to be administered by the Department.

Because there's been many times that bills are going, steaming through the process like a bullet train, and previous legislative sessions, including when I was a legislator, the Department [00:05:30] didn't speak up or say something. Then when the bill passes, when it comes to implementation time, it becomes a huge lift, a huge burden for the departments. Then they're working overtime, trying to get something implemented in order to make sure that the legislature isn't, I would say mad at that. Or also, even making sure that the Governor's Office knows what's going on in the departments on the implementation process.

[00:06:00] That's the big part of this whole discussion that we have at FTA, is all the departments need someone to be able to work with any legislator. It doesn't matter if they're Republican or Democrat, if you agree with the policy or not. There are ways that the departments can get out there and work with the legislators, but also working with the players that are a part of the legislation. There might be something in regards to a tax [00:06:30] credit or a tax deduction that businesses might be wanting, but we work with those businesses as well.

Nikki Dobay: Luke, anything to add on that?

Luke Morris: No. I would say Zach hit that definitely on the head, to that point exactly. We frequently tell my folks here at the Department, it's just part of our general new hire training that, being in the executive branch, we don't get to control what that policy is, nor do we in most cases have an opinion [00:07:00] on it. But we have to be able to administer it. I think that is, in my experience, the session will wrap up, it will finally be completed, and then we move into this phase of trying to figure out what actually passed. How are we actually going to bring that legislative intent into the tax realm? Whether that be updating forms, or rolling out a new credit program, like Zach said.

It really is, it is a fine line, I will give you that. We have to make [00:07:30] sure we are meeting with that legislative intent, and keeping the members satisfied because they get to dictate that policy. But we have to make sure that, on our end, we can fully administer that to whatever the member may be expecting, or working with them on resolving potential issues.

Nikki Dobay: Zach, to your point, I think you said it's important to have somebody at the Department that has this role. Is part of the rationale for this session at all [00:08:00] the FTA meetings to get more states to create roles like this? Has it been either of your experience that your roles are somewhat unique? Or do you feel like this is just more of just best practices that you all are sharing with the members?

Zach Wyatt: I think it's a little bit of both. Because each session that I present, that Luke and I present at, I find more and more people that have some sort of role like I do with their legislators. That actually [00:08:30] might even be the commissioners or the secretaries themselves that have that role. I have found that a lot of the commissioners have made the comments that, "Man, maybe we need to fine tune this position, and take a little bit of work off of them, and have someone that can actually be a bridge between the legislature and the Department." Because commissioners are doing a lot more than just going to the legislature.

Now I will say, in Missouri, our commissioner, [00:09:00] Wayne Wallingford, he also served in the legislature. I will say he's probably one of the most popular cabinet members we have in the state right now. We use him, we call him our secret weapon. When some sort of tax policy's coming through, we're able to utilize him if we're not able to get through to, say a member. We will utilize him

to be able to actually help facilitate [00:09:30] that conversation. Because it doesn't matter who the current legislator is that's trying to push some sort of tax policy, we're actually able to get into that office. They might not want to talk to the Department, but they will always talk to Commissioner Wallingford.

Yeah. It's a little bit of a balancing act there. I would say, Luke and I, and actually we're working with FTA to get a group of the legislative [00:10:00] type people together. We're putting together a work group as we speak. More to come on that, I would say. But yeah, it is. It's one of those, it would be great if every state had someone that was in Luke and I's capacity because it would allow for better collaboration. There's many times that Luke and I will talk about things that are happening in the legislature, and trying to figure out, "Is this happening [00:10:30] in Missouri, or is this happening in Louisiana? Or has this already happened? What's the bad and what's the good on it?"

Nikki Dobay: Luke, Zach's title is very clear that he focuses on legislation. Your title says assistant secretary. Are you one of those folks that wears multiple hats, and this is just one of them? You're limited in some capacity by your bandwidth, just with other things going on.

Luke Morris: Yeah, I would definitely agree with that. In my capacity, I have three [00:11:00] divisions that report up to me. Don't tell it to the other two, but my favorite one is obviously the tax policy [inaudible 00:11:07]-

Nikki Dobay: Well, this is going to be on the air so you just told them.

Luke Morris: My divisions know I love them all equally. I have a soft spot for tax policy. My other two divisions, external reporting, they are the analysts who, behind the scenes, are preparing physical notes to attach to tax legislation. They put out a tremendous publication every year called our Tax Exemption Budget. Which is [00:11:30] entirely too long for any state, but it covers all of our billions of dollars worth of exemptions, and exclusions, and credits. Then my other division that folks don't seem to like quite as much is our litigation division.

All in all, my office that I oversee is the Office of Legal Affairs. It covers, there's two very far ends of the sides of the tax policy spectrum. We have the actual policy side, and then on the very, very far end, the litigation [00:12:00] side when things don't necessarily go the way that taxpayers would hope. We still are very mindful of resolving things when we can with taxpayers.

But it is a different hat, different day type thing. You never know what will come up, what issues. Like Zach said, I think on the policy side of things, the better that we can do on our job at this front end, it is what makes everything flow so much smoother. Whether that's getting returns ready for electronic filing by our software vendors, [00:12:30] all the way to the compliance aspects into audits. It touches so much of that because anywhere along that side of things, if something goes wrong, there's always a legislator that gets called and they're

wanting to talk to somebody right away. That's when we become firemen and just put out whatever fires came up from that day. It keeps it interesting, I will say.

Nikki Dobay:

For purposes of this podcast, I do want to go back to something you also touched on, Zach, about working with other stakeholders. Because [00:13:00] I also do a lot of work in the tax policy space, on the other side of this. Often, my job for my clients is finding the Zach or the Luke in a state and saying, "Hey, we want to work on this issue. We're either going to run a bill, or we'd like to work with you and support you." It's building those bridges and trying to understand how to work collaboratively.

One thing I've really been trying to make clients understand [00:13:30] is if we are going to ask the Department for things, we have to be willing to support fiscal notes, where they are going to need resources to implement them. We're going to have to advocate for enough runway that these things can be implemented in a way that won't be rushed, or where it can't work.

To the extent there's stakeholders, businesses, other folks in the community that want to be involved [00:14:00] in this, what are your suggestions? How should those folks maybe think differently or get involved?

Zach Wyatt:

I think you actually hit the nail on the head. It's trying to find that Zach or Luke that is within their state or within the state they're working in. I guess in Missouri, and I'm sure Louisiana's the same, and it's probably in every state, that usually a lot of the stakeholders I work with used to have my position [00:14:30] at the Department. Or used to be a legislator that I served with. Or they've been a lobbyist for the organization for 20 years, so they were the same lobbyists when I was a legislator. I have those connections with those stakeholders and I'm able to reach out to them on a daily basis.

One of the things is, especially in Missouri, we actually have taxation, but we also have motor vehicle and driver's license. I get to deal with both [00:15:00] sides of those. I'll say, they're different animals within it. But on the tax side, we work closely with our associated industries in Missouri, or the Chamber of Commerce. Even the Society of CPAs. A lot of those people have been there for many years and I worked with them as a legislator, as a lobbyist, and now as someone that works in the executive branch.

Really, the big thing is [00:15:30] it's that finding the Luke or Zach within each state. I think, tying it back to the FTA side, and getting a group together and some sort of directory of legislative people for every state will then, in turn, help the businesses that are out there. Or the stakeholders that are wanting to work with us. Because the other side of the coin that I deal with a lot, and I've not dealt with it a lot this [00:16:00] year because we have a new person that we've given that role to, but it's in regards to rules and regulations. We went through a five-year rule review. Part of that is to reach out to the stakeholders and see where they're having issues, or where we need to potentially have a new rule or

regulation come into play. That's just been something that we've done the last ... When I first started, my first five-year rule review, [00:16:30] I just had my second one.

Nikki Dobay: Okay.

Zach Wyatt: It was a lot easier this time than it was when I first started at the Department, because I had no clue what I was doing. I still kind of don't, when it comes to rules and regs.

Luke's lucky, he gets to be that lawyer. I get to act like one. I always tell people I play one on TV. My Master's in conflict dispute resolution has actually helped me out a lot-

Nikki Dobay: I'm sure.

Zach Wyatt: In this area. But I will say, [00:17:00] I lean heavily on our General Counsel's office in the rules and regs, and even the legislative process, to make sure that we're able to be that bridge for the Department.

Nikki Dobay: Luke, what would you add to that? I assume it's a little bit different in Louisiana, because you states all like to be just a little bit different.

Luke Morris: That we do. I am the fortunate soul who handles the rules and regulations process here. [00:17:30] It is, it's an important process, but it's not always the easiest one.

I think the big picture of that is making sure that we are [inaudible 00:17:43] to those stakeholders. I've been, not in this position, but around the Department for over nine years now. I will say, while we try to have a lot of good ideas here, often it's not until you get to that implementation side of when the [00:18:00] taxpayer or the tax practitioner have to fill out that tax return that was prepared, or deal with whatever this new regulation that creates a presumption, how that interplays with their specific industry, all number of things.

I think in my experience at tax administration, in order for me to be successful, or for this agency to be successful, it has to be partnered hand-in-hand with our stakeholders to make sure that, when they are having trouble with e-filing returns, or [00:18:30] getting a response on what would hopefully be an easy policy question, that we make sure that those things happen so that we can continue to foster those relationships. Because I will tell you this, it's been many a time when I've had to reach out to our business community or our CPA society, just like Zach has, to work on these one-off issues that without those folks to lean on, you'd be up a ...

Nikki Dobay: Okay. The takeaways are find [00:19:00] the Zach or Luke of your state, or the state you're working in. Hopefully, there is one, to the point we were making earlier.

I really just want to thank you both so much for talking about this, because I think that we sometimes, thinking about the other hat you wear, Luke, we can get in these adversarial situations. There's just definitely ways that we can work together and collaborate, and get to an answer where we don't have to go to the opposite [00:19:30] ends of the room and duke it out. It's definitely where I prefer to be, when I'm working with clients.

Any parting thoughts on this issue, before we get into the real fun, the surprise non-tax question?

Luke Morris: I would just say we're taking this show on the road. If any of the listeners out there are going to be at some of these upcoming conferences, we'd love to have them part of it, and come and ask some good questions. Obviously, this is [00:20:00] a subject that Zach and I have a strong spot for. Yeah. We look forward to sharing what it is we know with the folks out there.

Zach Wyatt: I agree. It's one of those that's grown over the years. Last year, we did a couple of conferences and talked about how to talk to your legislator. Then it grew into this Fine Line Between Tax Administration and Tax Policy. I think this year, we've hit [00:20:30] the nail on the head. We've seen a lot of attendees coming to our session. We hope to see a lot more.

Nikki Dobay: Well, one of the other points you made earlier, it would be great to see a network, especially from the stakeholder side. I know where to find you two, and I know where to find your counterparts in some other states. But to the extent that you guys all have your own conference, I'd love to be invited. We'll work on that.

But all right, now the surprise non-tax question. I've been trying [00:21:00] to conjure one during this podcast. Zach and I are in Denver. The movie, Things To Do When You're Dead in Denver, there's a movie about that. I'm like, "That's not going to be a good question," so I moved away from it. It's summer time. People are vacationing, I hear. It's been crazy busy. But do you all have fun summer plans? I moved to Bend, Oregon last year, I've been trying to enjoy that. Other than work travel, haven't been doing too much fun stuff. [00:21:30] Come on, you guys have to have some fun stuff coming up. What's going on?

Zach Wyatt: Oh, I do.

Nikki Dobay: Okay.

Zach Wyatt: I leave next Thursday, I go to the Virgin Islands, to St. John's. I'll be there for 10 days. No work phone, no work computer, nothing. I'm disconnecting from it all.

It'll probably be my first time for a while, for that long, to be gone. I'm excited. I'm ready to do some scuba diving, and just sitting on the beach, and [00:22:00] enjoying the drinks and everything.

Nikki Dobay: All right. I'll live vicariously through you next week.

Luke, what about you?

Luke Morris: I, too, will have to live vicariously. This is the first year of the new administration. Our regular session ended last month. The administration is hoping that there may be a special session to address some of our tax issues. Again, [00:22:30] this current session just ended, but it was a non-fiscal session. We are working on all the fiscal issues here in Louisiana, which means no vacation this year. But hopefully, closer to the end of the year.

Nikki Dobay: All right.

Luke Morris: We will see.

Nikki Dobay: All right. Well, you'll have to have a better answer for the next podcast. I'll try to, as well.

Well, thank you both so much. To the listeners, I would very much encourage you, if you haven't been to an FTA meeting and you can make it happen this year, MSATA, WSATA, or NESTOA. [00:23:00] This is a great session. Thank you for listening. Information about Zach, and Luke, and I will be in the show notes. I look forward to being with you again soon, on the next Getting Salty.