This recommendation is being made by the Compliance Review and Interpretations Committee ("CRIC") to the Executive Committee of the Streamlined Sales and Use Tax Governing Board. It is being submitted in response to inquiries made by Executive Committee members at their meetings concerning processes for the development and handling of "interpretive rules". The term "interpretive rules" is used in the context it appears in the bylaws of the Streamlined Sales Tax Governing Board, Article 4, Section 6.

It is understood by CRIC membership that the Executive Committee desires to use the expertise of the State and Local Advisory Council ("SLAC") as a resource in development of interpretive rules. It is also understood that SLAC will seek the input and participation of the public at large, and specifically the Business Advisory Council ("BAC").

CRIC Findings: It is in the best interests of the Governing Board member states to provide for a final review of interpretive rules by a group of Governing Board member states before they are presented to the Governing Board as a whole for action. Such a review by member states will ensure a critical analysis of unique concerns and potential barriers for states that will be required to actually implement the interpretive rules being proposed.

CRIC Recommendation: It is recommended that SLAC forward proposed interpretive rules to CRIC for a final review by representatives of Governing Board member states. Following a final review, CRIC will forward the proposed rule along with any comments to the full Governing Board for action. The attached draft administrative rule 902.1 describes in some detail how the recommended process would work, and incorporates concepts expressed in a flowchart prepared by SLAC’s Chair. It is the belief of CRIC membership that the Committee is organized to process interpretations for the Governing Board, and that including a final review of interpretive rules fits well within its responsibilities. However, any group limited to Governing Board member states could be formed to serve the function described for CRIC in the attached draft rule 902.1.