

State and Local Advisory Council (SLAC)
ANNUAL REPORT TO THE GOVERNING BOARD

October 2014

Introduction:

I, Tim Jennrich (WA), would like to thank President Diane Hardt and the Executive Committee to the Governing Board for the opportunity to serve as the Chair of the State and Local Advisory Council (SLAC) this past year. It has been a tremendous pleasure, a privilege, and a great deal of fun.

I would also like to thank Phyllis Shambaugh, Vice-Chair and the other members of the SLAC Steering Committee, the workgroup chairs, the local government representatives, the Business Advisory Council (BAC,) and all other government and business representatives who contributed their time and efforts to the SLAC.

In addition to the May SLAC Meeting in Columbus, Ohio, the SLAC held an in-person meeting in Omaha, Nebraska. Both meetings were productive and well attended by member states and representatives of the business community.

Priorities:

Among the SLAC priorities for 2013 were the following:

- Finalization and selection of practices for credits paid to other jurisdictions;
- Development of practices for post transaction issues; and,
- Support for continuing education of member states.

Accomplishments and continuing efforts:

In 2013, the SLAC successfully executed on the above priorities as follows:

- The SLAC, through the hard work of its members, accomplished the goal of finalizing and selecting a set of practices for credits. The Governing Board voted to adopt these practices in May 2013;
- The SLAC formed a workgroup that is now focused on identifying post transaction issues in 2013; and,
- The SLAC resolved to annually identify a topic or topics for continuing education and to conduct training on these topics, assuming time permits on the SLAC agenda. In 2013, the SLAC had its first continuing education effort in the form of exemption administration training.

Items forwarded to the Governing Board for final consideration:

- Best Practice Number 2 – Tax Credits with accompanying matrix (SL14003 and SL14004)
 - Practices and matrix adopted by the Governing Board

Amendments considered, modified as appropriate, and recommended to the Governing Board for adoption:

- A motion to amend Appendix C, Library of Definitions, Part III, Sales Tax Holiday Definitions of the SSUTA, to add a definition for “WaterSense Products”
 - Adopted by the Governing Board
- A motion to amend Appendix C of the SSUTA to the definition of “prepared food”

- Adopted by the Governing Board
- A motion to amend Appendix C of the SSUTA of definition of “prepared food” to recognize an exclusion for seafood or meat sold in an unheated state by weight or volume
 - Adopted by the Governing Board

In-process

- **Post transaction Issues – Phyllis Shambaugh (OH)**
 - The business community has asked that member states disclose how they address certain post transaction issues including restocking fees, delivery charges, and others. The Governing Board referred the matter to the SLAC. The SLAC formed a workgroup in spring of 2014 to work on the issue and the workgroup has met several times since to develop possible recommendations. The SLAC workgroup has developed a draft matrix for discussion purposes at the 2014 October SLAC meeting in Rapid City, South Dakota.
- **Possible Amendment to SSUTA §§ 805 and 809 relating to member state sanction and compliance – Gina Dougherty (AR)**
 - The Governing Board referred to the SLAC a request to look at the current agreement provisions relating to member states sanctions and compliance and to recommend appropriate changes. A workgroup was subsequently formed in June 2014 and has met a number of times since to develop possible recommendations. The SLAC workgroup efforts have been taken up for discussion purposes at the 2014 October SLAC meeting in Rapid City, South Dakota.
- **Disclosed and Best Practices § 335 - Tim Jennrich (WA)**
 - In May 2014, the BAC provided the Governing Board a draft document relating to a disclosed and best practices concept (MC14006). The proposal was intended to redesign the existing best practice mechanism in SSUTA § 335 so that § 335 would contemplate a method of first selecting a set of disclosed practices for identified tax administration issues and then from among those disclosed practices to select a best practice or practices. The Governing Board referred the matter to the SLAC. A workgroup was subsequently formed in July 2014 and has met a number of times in 2014 to develop possible recommendations. The SLAC workgroup efforts have been taken up for discussion at the 2014 October SLAC meeting in Rapid City, South Dakota.
- **Member states voluntary listing of exemptions and services – Richard Dobson (KY)**
 - The Federal Implementation Committee, in anticipation of federal remote seller legislation, is working on the creation of matrices relating to the disclosure of exemptions and taxable services. While not assigned directly to the SLAC, the SLAC has worked to coordinate the Federal Implementation Committee’s efforts with the larger SLAC membership. The Federal Implementation Committee’s efforts have been taken up for discussion at the October 2014 SLAC Meeting in Rapid City, South Dakota.