Executive Committee Teleconference
March 28, 2013, 2:00 PM CDT

• Call to order and roll call
President Wayne Harper called the meeting to order at 2:02 pm. Roll was called and a quorum was established with 6 of 9 Executive Committee members present. Those participating on the call were Diane Hardt, Senator Deb Peters, Victoria Daniels, Representative David Droldal and Mike Eschelbach. Absent were Jerry Johnson and Senators Luke Kenley and Don Balfour.

• Reports of Committees
President Harper requested the reports of the Committees.

• Finance Committee – Second Quarter Budget Summary - Victoria Daniels, Chair
Victoria Daniels reported the budget summary for the second quarter ending December 31, 2012. The beginning balance for the fiscal year was $542,495.00 and the ending balance taking into account actual transactions through the first 6 months of the year was $793,747.

  Salary and benefits - There was no Executive Director in place during part of November through the end of December so the salary and benefits were lower during that second quarter.

  Postage and Delivery – Victoria reported that the Executive Director, Secretary-Treasurer, accountant and Nashville offices are located in 4-different states. For much of the last quarter weekly check shipments were being made by FedEx to each location and because of that the postage and delivery line item is over budget. The checks are now being sent via regular U.S. mail if the payments are not time sensitive to keep these costs down. She reported that the Finance Committee had recommended moving $1,000.00 from the Taxability Matrix line item to the Postage and Delivery line. President Harper said the reclassification of funds would be discussed at the May Governing Board meeting for approval. There were no questions or comments. Craig Johnson reported that the quarterly financial report is available for review on the Streamlined website in the document library.

• State and Local Advisory Council (SLAC) - Christie Comanita, Chair

  o Discussion of March 26-27 SLAC Meeting, Dallas
Christie Comanita reported that SLAC had good meetings and breakout sessions in Dallas this week. She said they had a full agenda and a lot of progress was made with the workgroups. She stated that there were some suggested changes to the Best Practices documents and there will be more discussion on it. They discussed post
transaction issues with Richard Prem, dealing with delivery charges and returns. She said the retailers are asking for clarification on some things that are already addressed in the Streamlined Taxability Matrix. A survey of how the states handle these issues will be conducted and they hope the non-member states will provide feedback on these issues as well. She said breakout sessions were held on the sourcing of digital products and credits. They also discussed some of the things, particularly in regard to “credits” where they came to an agreement with the states present as far as the best practices are concerned with some of those issues. They also made progress on the sourcing of digital products. Also a brief session was held on Federal Implementation issues.

Ms. Comanita plans to prepare the agenda for the May meeting and asked the Executive Committee to let her know of any additional important agenda items she should be sure to include.

- **Voucher Best Practices draft**
  Russ Brubaker said that Jerry Johnson wanted him to say a few words regarding the Best Practices. He said when he asked Jerry to lead that group Jerry had come to the conclusion that made him question whether SLAC could come up with a rule that would work for all the issues that needed to be addressed. He said Jerry wanted to search for a way to bring the idea of Best Practices into it. Deborah Bierbaum and Russ had been working on that as well. The business community also has agreements and documents that follow or suggest a best practice. They also recognized that the Streamlined states were asking a great deal from states in regard to uniformity. He said there will still be times when they need to get uniformity on new issues. There was also a suggestion that rather than calling it a “best practice” consideration be given to the idea of calling it a majority practice or common practice. The thinking behind this is that there was more than one legitimate way to treat certain transactions. Assuming we can reach agreement on these kinds of changes, if people want to continue to work through it, this is an idea that seems to allow the states more flexibility and still provide businesses with greater clarity in all the states on these types of issues, even if all the states are not doing things exactly the same.

Tony Mastin agreed with Mr. Brubaker. He said there were good suggestions for the amendment to the draft that left him confident through the discussion in the group that this should be able to get completed fairly soon. He said they will have a good draft for the Governing Board meeting in May. Craig said there will also be an actual matrix that will look very similar to the Taxability Matrix that states will complete. It will hopefully be very clear and easy for states to indicate whether they follow a particular practice or not. In looking at the amendments and matrix itself, it looks like this type of approach will be very helpful, particularly for multistate businesses.
• **Certification Committee**
David Thompson discussed the March Certification Committee meeting held in Louisville. He reported that the testing of bulk registration is 99% complete and they plan to move it into production in early April. He said the committee members have been contacted by some different software vendors to see what they can do to provide software that could be used for the smaller companies, but which would not go as far as a CAS. He said they are not looking at these as being similar to what the CSPs are offering. He said the Certification Committee wanted to discuss this with the Executive Committee to see if they wanted the Certification Committee to pursue this. The Certification Committee is looking for some type of specs on this or whether they should drop it. Craig said originally they weren’t sure about this, but it would be another option that the sellers could use. He said they would not go nearly to the extent of what the CSP’s do and no compensation is being considered. This type of software would, once the taxability had been determined by the seller, just calculate the proper tax rate using the rate and boundary databases, compile the data for the SER and then file the SERs. Craig said he felt that the more options that could be given to businesses, the better off we would be. There were no questions or comments. President Harper said he has had a request to take a look at something like this and is supportive in pursuing it.

Scott Peterson said that all of the other Certified Service Providers (CSP’s) would like to know how the Governing Board could adopt something that would compete with what they have worked for in years past. Scott said he thought the Certification Committee should discuss this with the CSP’s. President Harper said they need to ensure that all parties are involved to make a determination as to whether the Governing Board may want to pursue this. Craig said they would ensure that the CSP’s are involved once we have a better idea of what we think this might look like.

David Thompson said they are looking at an online Taxability Matrix with Arkansas and Kansas. Jim Roman from Oklahoma, Bryan West from Arkansas and Gary Centlivre and Andy Coltis of Kansas have volunteered to handle the programming and the hope is to have something at least mocked up by the Governing Board meeting in May.

• **Audit Committee – Bruce Christensen, Chair**
Bruce Christensen reported on the March Audit Committee meeting held in Louisville. He said the CSP’s have concerns on the Auditor Portal Console Project. They are currently using an FTP site to transfer transaction data. The CSP’s had brought to the Committee’s attention that when some of the states are completing audit assessments, the report the CSP receives does not break the assessment down by seller so that the CSP can easily work with the Model 1 sellers for reimbursement on the assessments. He said they had formed a workgroup to work with the states to send assessments to the CSP’s reflecting the
breakdown. He reported that the next audit cycle will be July 1, 2011 through Dec 31, 2013 for the contract compliance audit. He said if the states follow that, there could be some issues of the statute of limitations. There is an issue concerning power of attorney authorization for the states to discuss notices, etc. with the CSP’s regarding their Model 1 sellers. He said the CSP’s had also presented an issue where they are being held liable for audit errors for Model 1 sellers in states where the seller is not a volunteer seller and the CSP is not receiving compensation. He said they have formed a workgroup to get everything documented. Currently a Model 1 seller is a Model 1 seller in all SST states whether they are a volunteer or not. The Certification Committee is looking into that. The CSP’s were concerned regarding Model 1 sellers declaring bankruptcy and it is then difficult for the CSP to go back to obtain information from that seller once the seller is out of business. He said the Committee plans to look at possible solutions to that as well. Also, they have created an FAQ section for audits on the Streamlined website that people will be able to reference in the near future. They also have the Exemption Administration PowerPoint on the website for the state auditors to review. He said the Committee wants to ensure that the states are being consistent on exemption certificate requirements from sellers. They also want to ensure that all of the documents on the website are current and they will look into removing old documents. He said that Craig Johnson attended the Louisville meeting and went over the Marketplace Fairness Act with the Committee. The next Audit Committee meeting will be held on September 16-17 in Nashville.

- **Appointment of Successor to Certification Committee Chair – President Wayne Harper**
  President Harper reported that Gary Centlivre plans to retire around the end of June. He made a motion to appointed Tim Bennett (KY) as the new chair of the Certification Committee. The motion passed on a unanimous voice vote.

- **Federal Legislative Update – Charlie Sewell**
  Charlie Sewell reported that the amendment was made to the budget resolution. He said they had received 75-votes, which obviously was a referral amendment and carried both parties. He thanked everyone on this call for their efforts. He said the vote laid a marker down, which is what Senator Enzi, Alexander, and Durbin wanted to accomplish, with strong bipartisan support. Now, there are 3 options on how to run the bill: (1) run it as a standalone; (2) it could be added as an amendment to another bill or (3) it could be included in a larger tax package. He said they are starting to look at all the potential vehicles to attach it to. They are looking at various appropriation measures coming down the pike in the next few months and that swings our attention to the House. He said that opponents to the bill have been increasing their efforts with lots of phone calls and emails to Capitol Hill. They are also trying to set up a firewall in the Judiciary Committee. He said they are going to be having a number of meetings with various House leaderships during the next few weeks. There's still significant work to be
done. A brief discussion about the Amazon decision was held and what New York may or may not have to do if this bill should pass. President Harper expressed his appreciation to Charlie Sewell and Joan Wagnon for their work on the federal legislation. He said a lot of the House and Senate members in various states had contacted their patrons. He said this is great team effort and we have several more steps still to take. Charlie encouraged everyone to send thank you letters to their Senators and Governors who voted in support of this legislation.

- **Federal Legislation Implementation Workgroup Update – Richard Dobson, Chair**
  
  Craig said there have been a number of subgroups established. There is a Central Registration Subgroup that David Thompson is leading. Tim Jennrich, Pat Calore and Craig have put together the analysis for the federal bill as to which requirements are already met by the Streamlined Agreement and potential issues. He said they are looking at a subgroup to further develop some of those issues. He said they will discuss with Richard how he would like to approach resolving some of those questions and issues.

  Ellen Thompson, Tim Jennrich and Fred Nicely are leading the contacts subgroup and are putting together contacts of state organizations, FAQs, etc. Ellen reported that they have sent a survey out to all of the states. Craig encouraged the states to participate. There is a FAQ subgroup that Craig is leading and they will meet the week of April 15. They are looking at the different types of questions that states may have with federal legislation and the passage of it. Craig encouraged the states to send their questions to him so they could be addressed in the FAQ arena. He said that some questions are simple and others are more complex. The hope is that when this is all done, states may want to copy the FAQ's to put on their website. He said they want to be sure that consistent, uniform answers are given across the board (i.e., a person gets the same answer to their questions regardless of who they contact).

- **SSTGB Executive Director Update – Craig Johnson**
  
  - **CSP contracts with Taxware**
    
    Craig reported that the contracts are in place with Taxware. Charles Collins said they have been sent to the Nashville office. Craig said that will be coming to the May Governing Board meeting. Also, the Certification Committee has signed off on them.

  - **May 14-16, 2013 Streamlined Sales Tax Governing Board Meeting – Minneapolis, MN**
    
    The next Governing Board, Executive Committee, SLAC and the Business Advisory Council (BAC) meetings will be held on May 14-16 in Minneapolis. Craig reported that the agenda items are due to him by email no later than April 11.
• Other issues
Craig Johnson made the Executive Committee aware that he plans to replace the laptops for the Streamlined staff. Pam Cook’s laptop is relatively new, however in July the other three will be 4-yrs old. He reported that funds from both FY-2013 and FY-2014 budgets will be used for the purchase.

Old Business
• Discussion of Continuation of May and June Federal Lobbyist contracts
Diane Hardt said that she, Wayne and Craig have discussed the two contracts and would like to extend them. However, they plan to look at the contract with Geduldig. She would like to give President Harper approval to end the Geduldig contract once they speak to Scott Peterson and Joan Wagnon. Diane motioned to approve the contracts through the end of June, unless President Harper determines the Geduldig contract is not affective with approval to end it. There were no questions or comments. The motion passed unanimously on a roll call vote.

• Discussion of January 21, 2013 Planning Meeting, Atlanta – President Wayne Harper
President Harper reported that on January 21, 2013 they had a leadership meeting to determine what needed to be focused on. The main focus was federal legislation, looking at how they can outreach better to both the House and Senate leaders to get them on board and the Marketplace Fairness Act passed. They also came up with a lot of good ideas as to what areas Streamlined should be working on and thought that it was a good idea to hold annual leadership planning meetings. Diane Hardt said it was a very good meeting and she appreciated the efforts of the leadership members form the SSTGB and the BAC that were there. The Business Advisory Council (BAC) made it very beneficial to focus on what’s important for policy.

• New Business
President Harper said on Monday he was in Maine and Massachusetts to discuss Streamlined membership and is hopeful that one or more of these states will join after their next legislative session. He said that progress has also been made in various other states including Idaho, Hawaii, Colorado, Maryland, Mississippi, Missouri, and Virginia.

• Next Scheduled Meeting
President Harper said the next Executive Committee meeting will be held on May 15, 2013, Minneapolis at 10:00 AM CDT, prior to the Governing Board Meeting.

• Adjournment
Mike Eschelbach moved to adjourn at 2:55 pm.