

## **Executive Committee Meeting – Open Session**

December 13, 2013

### **Call to order and Attendance**

President Wayne Harper called to order the open session of the Executive Committee at 10:48 am central. The roll of the Committee was called and the participants were Diane Hardt, Senator Luke Kenley, and Jerry Johnson. The quorum was not established with four participants of nine members. Absent were Representative David Drovda, Victoria Daniels, Michael Eschelbach and Senators Don Balfour and Deb Peters. Other participants were Craig Johnson, Richard Dobson, Larry Paxton, David Thompson and Sharon Tolbert-White.

### **Closed Session Report**

Craig Johnson reported that during the 10:00 am closed session of the Executive Committee, the RFP for the Central Registration System was discussed, making revisions and identifying additional changes. Another draft will be sent to the Executive Committee before next week. There were no questions.

### **Report of Committees**

- **Finance Committee – FC13008**

Craig Johnson reported for the Finance Committee in the absence of Chair Victoria Daniels. The Committee had met on December 12 and approved the first quarter financials, document number FC13008.

Income – Member state dues for fiscal year 2014 were \$775,000 which was only partially collected by the end of the first quarter (September 30, 2013). The remaining amount has been collected, but since it was received after September 30, it is not reflected in the first quarter financial report.

Investment Income – Shows as a negative amount because of bank and credit card fees. Craig Johnson reported that he has contacted the financial institution and there may be a way to have these fees waived going forward. Also, there is one financial institution in Nashville and the Finance Committee approved closing that account and moving it to a location near the Westby headquarters. The Finance Committee also approved the first quarter financials.

Mr. Johnson said we spent about 19% of the amount budgeted for expenses for the entire year. Since this report covers the first quarter of the year, typically you should see about 25% of the budgeted expenses spent in the first quarter. Seeing less than 25% means our expenses for the year may end up less than originally projected. There is a large amount budgeted for the central registration system in FY2014 that will most likely not be expensed until later in the year after the new registration system is developed. There were no questions. Roll was called and there was no quorum therefore the first quarter financials will be reviewed for approval during the next Executive Committee meeting.

### **Fund Audit – FY2013**

Craig Johnson reported on the 2013 Audit by Watkins-Meegan, the outside auditors. He had emailed the Executive Committee members with the audit report in a pdf file. The auditor's conclusion was that

the financial statements reflect the actual financial position of the Governing Board. There were no questions or comments.

There were no other committee reports.

### **President Updates**

President Harper said there have been many recent meetings on Capitol Hill. A group of 24-legislators had visited the Capitol and met with 70-members of the House. He said we got over major hurdles that this is not a new tax. Many members of the House have responded that they are waiting for Chairman Goodlatte to prepare a House bill. He said they have also had number of meetings with the Judiciary Committee members. He said we have also been working with RILA. Right now the House is not looking for bill language but instead wants specific concepts for the House version of the Bill.

We also need to remember that the Senate sponsors have done great work in getting the Bill passed in the Senate and over to the House. President Harper stated that Streamlined supports the Senate sponsors and will continue to assist them in their efforts. The Senate sponsor want a bill from the House and Streamlined will help them while at the same time supporting Goodlatte's principles so that we can get this passed.

He said a number of legislators were also in DC in early December and visited over 150 Congressional offices. They know the Marketplace Fairness Act is going to pass in some form and they just want to make sure it's right.

Some of the issues that are being worked on include the long arm audits, integration of the software, how this will work in non-sales tax states as well as a few other issues. He said there is a significant change. President Harper said that Senator Deb Peters, Senator Bramble from Utah, Neal Osten and Max Behlke from NCSL and himself had met with Chairman Goodlatte and he is moving in a very deliberate matter. He plans to go through the principles and make sure of the things that need to be in the House bill and then to mark-up. President Harper said he feels that there will be some activity during the second quarter of 2014. He added that he believes significant progress has been made and some members of Congress are now saying they are not going to oppose it.

Senator Kenley said in using the Indiana delegation as an example, they are all in support of the Bill and feel that if the issue comes to the floor with a few single issue items corrected such as the long arm audit issue or small seller exemption, then it would pass the House and they are ready to vote for it.

Craig Johnson said they had talked to Chair Goodlatte about Streamlined and he had made positive comments about what our organization has done and is doing. When he comes out with the actual version of the bill, he anticipates that more simplification requirements will be included than were in the Senate version of the bill and many will be similar to what Streamlined already requires of its members.

President Harper reported that he had been talking to other states about joining Streamlined and using our services. He stated that four commitments have been obtained for next year. He said that's very

positive that people recognize that in the Federal bill the easy and clear route is via Streamlined. The alternate route is fairly nebulous and could have challenges to it.

### **Executive Director updates**

Craig Johnson stated that the report of changes to the Agreement is due by the end of the year and he is in the process of working on that. He is also updating the actual language in the Agreement itself to be published. He has moved the live portion of the Agreement all up front and moved the history to the back of the Agreement in a Compiler's notes section. He anticipates it will be out before the end of the year as well. He added that the rules will also be updated hopefully by the end of the year.

Mr. Johnson reported that he has been contacted by some state people and also members of the business community regarding the Take-N-Bake Pizza interpretation. They are interesting in preparing a possible toggle to the "prepared food" definition. He has also received a request from the BAC Chair asking the Governing Board to possibly hold off on voting on that CRIC interpretation at the Governing Board meeting next week until a group has a chance to work on the possible toggle. He asked about the possibility of putting together a formal workgroup to address this, presuming that the Governing Board is going to find that the Take-N-Bake Pizza falls within the definition of prepared food. President Harper said we need to go through the questions that are coming in and need further time on this issue after they have completed the initial recommendation. He agreed with tabling the vote to the spring meeting.

Fred Nicely of BAC said the concern that he had expressed is if the GB goes forward and adopts the CRIC interpretation, the states will be in a dilemma regarding "ready to eat." That could potentially require the states to have a law change. He said if you do not have a vote that would allow the workgroup to propose a solution at the May meeting. President Harper said we have to receive the report at the GB meeting, but do not necessarily have to take a vote on it.

Craig Johnson said regarding possible revisions to the rules, he and CRIC Chair, Myles Vosberg have discussed expedited requests. Rule 902(H) discusses the expedited process with a 10-day public comment period, but it does not allow flexibility. Right now if you put in a normal interpretation request, you have a 60-day comment period or for expedited requests, you only have a 10-day comment period. CRIC has said they might not need 60-days, but might want more than 10 days for comments. Mr. Johnson said proposed changes to that rule will be looked at. With respect to unresolved issues, we should have a rule in place that states how those are to be handled by CRIC during the annual recertification process and a small workgroup on this should be put together. There were no questions or comments.

Mr. Johnson reiterated dates set for the Spring Governing Board meetings to be held in Columbus, Ohio on May 13-15, 2014.

The next meeting of the Executive Committee will most likely be January 17, 2014. An announcement and agenda will be sent out for that meeting.

### **Old Business**

None

**New Business**

None

**Adjournment**

With no further business Jerry Johnson made a motion to adjourn at 11:14 a.m. central.