

## Executive Committee Meeting

March 14, 2014

- **Welcome and Roll Call**

President Diane Hardt called the meeting to order by teleconference at 2:01 PM CDT. The roll of the Executive Committee was called. Present were President Diane Hardt (WI), Richard Dobson (KY), Victoria Daniels (IA), Jerry Johnson (OK), Michael Eschelbach (MI), David Drovda (ND) and Wayne Harper (UT). Absent were Senators Luke Kenley, Deb Peters and Don Balfour. The quorum was established. Other participants were Craig Johnson, Tim Jennrich, Myles Vosberg, Tim Bennett, Bruce Christiansen, Tom Atchley, Harry Fox, Ellen Auger, Warren Townsend, Pam Cook and Joe Crosby.

- **Reports of Committees**

- Executive Committee – President Diane Hardt

President Hardt reported on the January 20, 2014 Planning Meeting which helps lay the ground work for this year's plans to be accomplished. The major steps are the Marketplace Fairness Act Bill of 2013 and developing the messaging, lobbying, education and focus on relationships with other organizations such as NGA and NCSL. Other plans are the requests for proposals for the Central Registration System, CSP contracts for 2015, developing a plan for providing services to non-SSUTA states. She hopes to have something ready for the May meeting, (i.e. certification services and participation in the registration system). She said the SSTGB want's more outreach to revenue departments and secretaries in the non-SST states to keep them informed on what's happening federally. The State and Local Advisory Council's "big picture" issues are education and revenue departments. SLAC will look at post sales transactions at the request of the business community. There will be more training for auditors in the exemption area and hopefully the credits issue will move forward.

- State and Local Advisory Council – Tim Jennrich, Chair
  - 2014 Priorities

Chair Jennrich reported that SLAC will move forward now that they have received the priorities. Phyllis Shambaugh of Ohio has agreed to be the Vice Chair of the SLAC. President Hardt asked for a motion. Michael Eschelbach made a motion to appoint Phyllis Shambaugh as the SLAC Vice Chair, roll was called, 7-voted yes, 3-absent and the motion passed.

President Hardt announced that the Governing Board will celebrate Ohio's full membership with a reception at the Ohio spring meeting in Columbus on May 14. Some of the former Ohio delegates have been invited back to attend the reception.

- Finance Committee – Victoria Daniels, Chair
  - Second Quarter Financial Report

Chair Daniels said the financials are in line with where they should be for this time of year. Salaries and contractual services for the Central Registration System and Federal affairs lobbyists are where most of the activities have been. The Finance Committee pointed out the downward movement of the surplus. Craig Johnson has moved the second bank account from Nashville to Wisconsin. He has been working with Wells Fargo to eliminate some of the fees paid and hopefully getting some prior fees waived. The Form 990 was prepared and submitted. The FY2015 state membership dues invoices will be sent the first of May.

- Certification Committee - Tim Bennett, Chair
  - Report on Charlotte Meeting

Chair Bennett reported on the Charlotte meeting held on March 4-5 where the Certification Committee had good participation. He noted that Craig Johnson and David Thompson are available for issues or questions to be resolved. The Committee discussed the change to Schedule A, Rule 501.2, and the certification process for new Certified Service Providers (CSP). We made changes during the meeting that will be on the GB agenda in May, clarification to the CSP application and time lines. Craig said there are two new CSP applications, and when the timeline was reviewed, there were some questions and gaps. Tim Bennett, David Thompson, Craig Johnson and the Committee made revisions to bring to the Governing Board meeting to hopefully obtain approval. Chair Bennett said they also discussed the Central Registration System and getting the states on board and trying to keep SCHEMA changes to a minimum. They discussed having the sub-committees look at the rates and boundaries tables and possible purging of data by the states as the files are getting very large and continue to grow. Historical files will be kept permanently by SST. A subcommittee was set-up to look into this further. States have asked how testing is being handled (i.e., how test decks are created, etc.) and he will set up a webinar regarding testing, best practices and ideas. The next meeting will be held the first week of August in Omaha, Nebraska.

- Audit Committee – Bruce Christensen, Chair
  - Report on Charlotte Meeting

President Hardt said she attended the Audit Committee meeting and the state and CSP participation was excellent. She commended Chair Bruce Christensen with what he has done with the Committee. Chair Christensen said on March 5-6 they met in Charlotte. They have started contract compliance audits on the CSPs and have developed a timeline. The Audit Core Team members are made up of staff provided by South Dakota, Indiana, Minnesota, Kentucky and Washington. It is a significant time commitment by these people and SST thanks the states that have provided these resources to accomplish these tasks. The Core Team has already visited one CSP and others are scheduled. Training was held in January for the state auditors, both new and old, with good materials that are on ShareFile. A few years ago the Audit Committee prepared a PowerPoint presentation for the website, but it does not get down to all the auditors. The Committee has reviewed that PowerPoint to make sure the states understand it and asked them to circulate it to their staffs. The Committee discussed the frequency of downloads the CSPs are getting and there may be changes to Appendix F. Chair Christensen said they hope to have a proposal ready to bring to the May Governing Board meeting. They discussed the single audit and continue to work on that issue. They are trying to come up with a concept on how to make sure this works efficiently. The Committee had a good discussion with the CSPs regarding how to eliminate or reduce the needs for audits of model one sellers. Work will continue in this area with the hope that we can get as many remote sellers to sign up with the CSPs as possible.

- Compliance Review and Interpretations Committee (CRIC) – Myles Vosberg, Chair

Chair Vosberg reported that there were no new interpretation requests. A subgroup has been working on a toggle as an amendment to the agreement. Craig Johnson sent that information out in December and only a few comments were received. He said it seems to be well supported. President Hardt said the Board hopes to resolve those issues at the May meeting.

- Federal Legislation Implementation Committee – Richard Dobson, Chair

Chair Richard Dobson said the Committee worked through late last year. Once state legislative business is resolved, they will work on the additional exemption matrix. He asked those who are interested in participating to email him. Craig Johnson said the FAQ Subcommittee has identified two areas where the FAQs need to be expanded - information for the local governments and also for the non-SST states. He hopes to have additional updates on that by the May meeting.

- **Federal Affairs Activities**

President Hardt said the Executive Committee has held two closed sessions to discuss the Federal Affairs contracts. They have decided to end the contract with lobbyist, Charlie Sewell. The Committee plans to go in a different direction in terms of working on the House side. She said the Executive Committee authorized Craig Johnson and herself to negotiate a new contract which will be reported later on. President Hardt said they hope to pick up their presence in Washington regarding the Marketplace Fairness Act of 2013 and the Federal bill. Senator Deb Peters, Senator Wayne Harper and President Hardt will have more presence in DC over the next 3-months.

Craig Johnson indicated that the Judiciary Committee held a hearing on Wednesday March 12 strictly to look at alternative solutions to the Marketplace Fairness Act. The hearing was not focused on the MFA or the work that Streamlined has done, but rather on what other options or possible solutions exist. Six witnesses were invited. They were Chris Cox of NetChoice, Joe Crosby of the MTA, Steve Kranz, Andrew Moylan of R Street, James Sutton, a CPA in Florida, and Will Moschella. They testified to alternatives to the Marketplace Fairness Act and it was a lengthy hearing. The links to the testimonies and video feed are on the House Judiciary Committee website.

- **Registration System RFP Update**

Craig Johnson said the proposals are due to him today by 5:00 PM EDT. He has received packages from various vendors. President Hardt reported that Ms. Johnson is working on the criteria and will have a group of Governing Board members who will work with him on evaluating the proposals. Mr. Johnson said that he, David Thompson, Jody Bartels (SD), Brian West (AK) who was a key person who worked on the online Taxability Matrix, and Steve Krovitz (MN), will do the initial evaluation. The group will evaluate the proposals and will make a recommendation to the Executive Committee. The Executive Committee may also conduct interviews of some of the candidates once the recommendation is prepared. We hope to move forward on this as quickly as possible.

- **CSP Contract Meeting Report**

President Hardt said that she, Mike Eschelbach, Craig Johnson, Eric Wayne and David Thompson met with the CSPs to begin work on the CSP contract. The group identified some issues that need to be addressed and other issues were resolved. The group will continue to work on it after the May meeting. The contracts have to be renewed by January 1, 2015. All of the CSPs have been invited to work on the contract with this group.

- **May Governing Board Meeting Agenda**

President Hardt said the key agenda topics will be to lay out a plan for the next year, discuss the registration system and plans to pay for it, discuss the non-SSUTA states and to get them more involved in the registration system and the certification process and the Federal Bills or MFA. The Governing Board will also discuss the prepared food toggle and ruling.

Craig Johnson reported that SLAC has worked on credits and is very close. They will most likely be looking at the best practices in the area of credits. Also, they are in the final stages with the online

Taxability Matrix, and all the states have received it for a final review. He said he anticipates that the online Taxability Matrix will be ready to go live at the May meeting. There will be a full demonstration about what it is and how it works as the states go through their certification process. He said they also anticipate an additional definition for sales tax holiday purposes with respect to water efficient products, and a proposed definition on that.

March 28 is the deadline for the May 2014 meeting agenda item submissions.

- **Old business**

None

- **New business**

The FTA is meeting in June and President Hardt would like to organize a group to outreach to Secretaries and Commissioners regarding business certification, registration and be there to answer their questions. She plans to organize a group to develop a plan for the outreach with Bruce Johnson, Jerry Johnson, Victoria Daniels, Richard Dobson, Craig Johnson and herself.

- **Next Meeting**

- May 14, 2014, 10:00 AM Eastern Daylight, Columbus, Ohio

- **Adjournment**

With no further business Richard Dobson made a motion to adjourned at 2:40 PM CDT