

**EXECUTIVE COMMITTEE MEETING MINUTES**  
*Rapid City, South Dakota*

*October 7, 2014, 11:27 AM Mountain – Open Session*

- **Call to Order and Roll Call**

President Diane Hardt called the Open Session of the Executive Committee Meeting to order at 11:27 AM Mountain. The roll of the Committee was called, present were President Hardt (WI), Senator Deb Peters (SD), Victoria Daniels (IA), Richard Dobson (KY), Michael Eschelbach (MI), Senator Wayne Harper (UT) and Jerry Johnson (OK). Absent was Senator Don Balfour (GA), Representative David Drovdal (ND) and Senator Luke Kenley (IN). The quorum was established with 7 of 10 Committee members present.

- **Review and Approval of July 25, 2014 Executive Committee Meeting Minutes**

Craig Johnson said the July 2014 Executive Committee Meetings were posted on the SSTGB website for review. There were no questions or recommended changes. Representative David Drovdal made a motion to approve the July 25, 2014 Executive Committee Meeting Minutes. The minutes were approved affirmatively on a voice vote.

- **Continued Efforts With Other Organizations – Max Behlke/Neal Osten**

Max Behlke of NCSL reported that he is joined here with Neal Osten and they have been lobbying in DC. He said it has been hectic this year in getting things done. Congress will be back in Session on November 12, will have one full week of session, then will adjourn and return to session in December. He said they are currently looking at a continuing resolutions. Congress has to address that during the Lame Duck session. On November 11 the ITFA will expire and must be addressed as well. That is a vehicle they are looking for to put the MFA on to have that moved and become law, possibly in December. NCSL and NGA are encouraging members of Congress to get this done. He encouraged those in the meeting today to contact their Senators and get this done. Neal Osten said the Legislators are bringing this issue up to Congressional members. Mr. Behlke said they have had a great relationship with the Governing Board and Randi Reid who represents the Governing Board in DC. The NCSL has lobbied this issue and this year on December 10, they will be on the Hill again. He urged all Legislators who are attending this meeting today to visit DC to help with the lobbying. Mr. Behlke said the last date that we might get a vote, if they don't pass the CR by then, the shutdown will be December 11. It will really be the final hour and right now is crunch time. President Hardt said that Randi Reid is planning the week of November 17, a real push from the Governing Board in DC as well. Regarding the Capitol Hill visits with Legislators, Craig Johnson reiterated the importance of their participation. He stressed that anything the Legislators can do to reach out to their Congressmen for support would be helpful. He recommended that they provide the Governing Board with their responses which is very important. Senator Deb Peters encouraged the Legislators who are on the Governing Board to participate in November and December by contacting her, Craig Johnson, Max Behlke and Neal Osten. She said the NCSL officials can more easily get into more doors on the Hill.

- **Report on Closed Session – Diane Hardt**

President Hardt reported the Closed Executive Committee Meeting which was held this morning.

- **State Compliance and Sanctions – Diane Hardt/Craig Johnson**

President Hardt reported that there are four member states which are still out-of-compliance with the Agreement. She added that Craig Johnson had emailed the Executive Committee regarding this issue. Craig Johnson said the Governing Board Rules require that when a state becomes out-of-compliance, it goes into the hands of the Executive Committee for discussion and determination. There must be a 30-day public notice prior to that determination and then the Executive Committee would meet for discussion. He said we are looking to do what we can to bring states back into compliance. President Hardt asked if there were comments or questions. Senator Curt Bramble said he has served on the Governing Board for over a decade. He said you have to be sensitive to the notion, he asked the Legislators for a show of hands if they agreed and 10-hands were raised. He said it takes policy makers and Legislators to correct the problem and Legislative action time to change the policy. He said when you look at the states that are out-of-compliance, the Governing Board should be communicating with the Legislators rather than the states. John Doyle agreed with Senator Bramble said he was a member of the Governing Board for years as a Legislator and is now a member as a tax administrator. He said the tax administrations do not make the tax laws and the Legislators have to be here to make this decision. Senator Deb Peters stated that the Legislative leadership of the body of the states that are out-of-compliance had been included as well. She said maybe the House and Senate in each of those states should be notified. Representative Brian Kennedy said keep in mind that Rhode Island does not go back into session until January. If a 30-day notice is sent now, the Legislators will not be all back into session in time. Craig Johnson said it is difficult for the states and the 30-day deadline may not be realistic for the states that are not in session. President Hardt said the Governing Board Rules state that it can be no less than 30-days. Sanctions could be a wide variety of things and she felt it would be a good idea to send a letter to the Legislators of those states. Senator Bramble said there's a difficulty in being a tax administrator enforcing the law and the profession of enforcement of legal requirements as far as being a Legislator. He recommended obtaining feedback from the key legislators in those states. He said the Governing Board should determine how to communicate with the Legislators to get the corrections made that are necessary. Senator Wayne Harper referenced Section 805 and said we are aware that some states have either changed their laws over a period of time. We need to reach out to report these items, ask who we should work with and who we should get back to. He said some of these things are a simple administrative fix and others are Legislative. We should inform them of our standards, explain the compliance issues and ask for the process within their individual states to get these issues resolved. President Hardt asked for an amended motion to ask for the Legislators help. Representative Brian Kennedy suggested also sending it to the Finance Committee Chairs to get all of the people on board that are needed. Senator Balfour said if you send a letter to the Lieutenant Governing in Georgia, they would say Streamlined who? The communication should go out similar to what Senator Bramble said, to people who are intricately involved. He recommended sending a letter to Larry O'Neil in the House. Something that says anything about sanctions or the possibility, the communication should be direct like we are talking here. If you send a letter, they may not see it. President Hardt said perhaps we should

speak with each delegate who is here to determine who the best contact is for their state. Bruce Johnson said we are talking about the formal requirements that the Governing Board has to inform the states that they are out-of-compliance. The Governing Board has delegates from every state who should be the ones to carry the message to get what needs to be done handled. He said the formal notice should be as friendly as possible but the only burden is to the state delegates and we should give them as much support as we can. Senator Peters said the current sanctions letters to be discussed today were notified over a year ago. She said that she appreciates the fact that it should be re-explained to membership. She volunteered to work with those states to determine who should be notified. She was on the CRIC previously and they had detailed discussions with the states. She said the sanctions were notified last November, officially voted on in December 2013 at the Governing Board Meeting. CRIC will begin their compliance discussions again next week. She said if those states were found out of compliance last year, they may continue to be out-of-compliance this year. She said it's no excuse that we are going to run out of time in 30-days. As a delegate, those states have decided who they are sending as delegates. If we are going to move forward with credibility, she felt we should move forward with contacting those delegates. Richard Dobson said the motion is to follow the procedures that are set out in the SSUTA today that all the Governing Board members have voted on and are aware of those within this organization. If we want to do something different from what is set out in voting in the agreement to initiate phone calls and letters, the motion on the table now needs to clarify what we are going to do. President Hardt said we should do what is in the Agreement, but should talk to each state regarding the delegates who will represent them. Senator Dwight Cook said we should really take a good look at the Agreement. President Hardt said we will vote on Richard Dobson's motion to follow the requirements of the Agreement, send a notification, reach out to contact the delegates who are representing the states, Legislator leadership, either written, oral or both. The roll of the Committee was called with 8-yes votes, 1-no, one absent and the motion carried.

- Discussion of Federal Affairs Contracts – Diane Hardt/Craig Johnson

Discussed the federal affairs contracts. President Hardt reminded everyone that a 60-day notice is required to end our federal affairs contracts.

- CSP Contract Meeting Report

President Hardt said in the Closed Executive Committee Meeting, the CSP Contract was reviewed and discussed. The current contract will end on December 31. She said we hope to have the new contract approved at the Governing Board Meeting later today for signature prior to the expiration. She pointed out that should Federal Legislation be enacted there will be a renegotiation of the CSP Contract.

- CSP Certification

Craig Johnson reported that five of six CSP's had been approved by the Certification Committee for recertification. CCH, Inc. was not approved and will be reviewed again during the December meeting.

- **FY2015 Proposed Budget Revisions – Victoria Daniels, Chair – FR14004**

Chair Victoria Daniels reported the budget revision proposal for FY2015 as follows. There are lower telecommunication expenses, new line item for credit card expenses, higher travel to allow

the Committee Chairpersons to be paid for travel; and the deferred Central Registration System payment. This results in a higher ending balance of \$391,049. There is a new travel line item for the Chairs of the SLAC, Audit and Certification Committee. Craig Johnson said the FY2015 Budget was adopted based on what was thought to have been the ending balance. At the end of the year the adjustment is made. The Central Registration System goes from \$150,000 to \$210,000 because the payment in last year's budget of \$60,000 was not made. He said this will take action by the Executive Committee and Governing Board approval will also be obtained. There were no questions or comments. Chair Daniels made a motion to approve the FY2015 Proposed Budget Amendment. The roll of the Committee was called, 9 voted yes and the motion passed with one member absent.

- **FY2016 Budget Proposal – Victoria Daniels, Chair – FR14005**

Chair Victoria Daniels reported the budget proposal for FY2016. She stated that the notable items are the change in member payments which represents the 3% dues increase which was approved at the October 2013 Governing Board Meeting. Salaries and benefits that are expected to be approved in May of 3% totals just over \$10,000 more. Postage and delivery is anticipated to be \$1000 lower. Law Services and Books is increased to \$1500. New Chairperson Travel category increase of \$5,000 was added; 2% contractual rent increase for the Wisconsin office of \$1000; there are 3-categories added under Central Registration, annual hosting \$18,000; Maintenance, Support and Licenses of the new system, \$50,000 and Development of the New System, \$60,000. Craig Johnson said there will be an overlap while paying for the old and new Central Registration Systems. Chair Daniels said the Meeting Expenses were broken down into two separate line items for Semi-Annual Meetings, \$60,000 and Committee Meetings, \$5,000. The ending deficit predicted of \$71,675 is now actually a surplus of \$23,395 which is a change of \$95,070. The ending balance is \$414,444, which is \$23,395 more than anticipated. There were no questions or comments. Senator Peters made a motion to approve the FY2016 Budget. The roll of the Executive Committee was called, 9 members voted yes and the motion carried with one absent.

- **Executive Director Report – Craig Johnson**

- May 2015 Governing Board Meeting

Craig Johnson reported that the May 2015 Governing Board Meeting will be held in South Bullington, Vermont. He said they are tentatively looking at the next Governing Board Meeting to be held on May 11-13, 2015 immediately following Mother's Day. The dates may be moved to other dates if possible. He said that once the dates are finalized the meeting information will be sent out to the ListServ's.

- **Old Business**

None

- **New Business**

Craig Johnson said the Executive Committee should be made aware that one requirement in the CSP Contract is that this Committee is responsible to make the decision regarding the definition of volunteer sellers versus non-volunteer sellers. A specific set of facts has been received from the new CSP which will be explained to the Governing Board and to determine whether or not a change to the CSP contract definition of volunteer seller may be needed.

- **Next Executive Committee Meeting**

- December 12, 2014, 10:00 AM Central via teleconference.

- **Adjournment**

With no further business, David Drovda made a motion to adjourn the open session at 12:16 AM Mountain.