

Executive Committee Open Meeting

May 12, 11:40 AM

- **Call to Order and Roll Call**

President Deb Peters called the open Executive Committee Meeting to order at 11:40 am edt. The roll of the Committee was called and present were President Peters (SD), Richard Dobson (KY), Dwight Cook (ND), Victoria Daniels (IA), Diane Hardt (WI), Eric Wayne (NC), Michael Eschelbach (MI) and Rep Kelley Linck (AR). The quorum was established with eight (8) Committee members in participation. Absent were Representatives Reuven Carlyle (WA) and Brian Kennedy (RI).

- **Report on Closed Session – Craig Johnson**

Craig Johnson provided a report on the closed session discussions. He said the Executive Committee approved the SSTGB staff payroll increases, effective on July 1 for FY2016. Some of the tax compliance audit results were provided as well. On the new Central Registration System contract, they have been working with Azavar to move forward. The “go-live” effective date will be August 1 tentatively, rather than originally planned on July 1. They discussed Direct Marketing Association (DMA) v. Brohl Decision and state litigation and the strategy on that as well.

- **Approval of Executive Committee Meeting Minutes-January 16, 2015 ([EC15002](#)) and March 20, 2015 ([EC15001](#))**

President Peters asked if there were changes to the minutes and there were no comments. Diane Hardt motioned the approval of both meeting minutes, the roll of the Committee was called and the motion passed affirmatively.

- **Reports of Committees**

- Finance Committee – Victoria Daniels, Chair
 - Second and Third Quarter Financial Reports ([FR15001](#) and [FR15002](#))

Craig Johnson stated that Chair Victoria Daniels would provide the Second and Third Quarter Financial Reports during the Governing Board Meeting for approval.

- **Executive Director Report – Craig Johnson**

- Upcoming SLAC Vice Chair Vacancy and Appointment of Replacement

Craig Johnson reported that the SLAC Vice Chair, Phyllis Shambaugh plans to retire effective May 29. Alison Jares (SD) had agreed to fill the term of that vacancy and President Peters would like to appoint her. Diane Hardt motioned to approve the appointment of Alison Jares, SLAC Vice Chair effective May 30. The roll of the Committee was called and the motion passed affirmatively.

- New Central Registration System Update – Craig Johnson

Craig Johnson moved the new Central Registration System update to the Governing Board Meeting.

- Request to Form Workgroup – UPC Classification Project

Craig Johnson they are looking to put forward a UPC Code Workgroup. Participating states would share in the responsibility as far as breaking down the listing and properly

categorizing the various products. Completing a project like this would also help state auditors in conducting state audits where a UPC listing is available. This would give them one central place to go look to determine the taxability of a product and help provide consistent answers to questions received from taxpayer's as to the taxability of specific products. Mr. Johnson said if this workgroup moves forward, he would like to include the CSP's and members of the business community in the workgroup. Eric Wayne asked for the true source, said it would be ever changing and asked if the UPC codes are from the manufacturer. Richard Dobson said the states that recommended bringing this forward should be the states that handle the workgroup. Craig said when he was with Wisconsin, they looked at doing this at that time and there were 30,000 to 50,000 product codes just for some of the grocery stores. There are likely millions of UPC codes. Scott Peterson said one thing that Avalara does is help stores manage compliance through the use of UPC codes. They have to map nearly 13-million UPC codes for the SNAP (Supplemental Nutrition Assistance Program). He said you should call the departments that manage the WIC program because by the year 2020 every agency that uses WIC has to be managed through the UPC's. Therefore, there is someone in state government that is having to go through this exercise today. Matt Bishop asked where the idea from this project came from. Diane Hardt said that member state is Wisconsin and it goes back to when Craig was there. They actually started some work on it and can contribute to the project. Scott Peterson said Avalara would be happy to help. Senator Peters said a workgroup could be put together if states are interested. Not many states indicated a strong interest so if states are interested in pursuing this, please let Craig or Wisconsin know. Diane indicated that she expects Wisconsin to go forward with some form of this project.

- Request to Form Workgroup – Which SSUTA requirements keep states from joining?

Craig suggested putting together a workgroup and reaching out to non-member states to find out what their reasons are for not joining Streamlined and determine if it because of specific provisions in the SSUTA, or something else. Senator Peters indicated she agreed that this should be done and said she would put together a workgroup for this.

- Audit Core Team Travel Request

Craig Johnson said he is looking to possibly use some of the excess funds in Employee Travel and Other Travel to fund some travel expenses to allow the Audit Core Team to meet in person to discuss the contract compliance audits, ways to improve, etc. He anticipates that between those two travel accounts, sufficient amounts would be left to cover these expenses. He said we want to more clearly focus on exactly what the Audit Core Team will do and what might be done to reduce or eliminate some of the state tax compliance audits and procedures. There will be initial meetings and discussions and it's important to look at ways to make that process more efficient. Eric Wayne said he would be interested in hearing input from the CSP's. Russ Brubaker said they have had issues developing around audit requests and feel they have done everything they need to do to satisfy the Audit Core Team. They have to keep going back to their customers which is not a satisfying experience for them. Mr. Johnson said he has received some of the same comments that Mr. Brubaker received. Ellen Auger said the CSP's are testing the mapping and the states will come back with another request. She said they want to figure out a way for everyone to be satisfied. Scott Peterson said Avalara's dilemma is how to manage everybody's request with 3-CSP's.

They have another group that asks for the same things on occasions which isn't as productive as their initial conversations with the states. Richard Dobson motioned for the Executive Committee to approve the travel expenses as needed within the budgeted amounts. The roll of the Committee was called and the motion passed affirmatively.

- Upcoming Executive Committee Meetings
 - July 31, 2015 – Teleconference (2:00 pm central)
 - September 16, 2015 – Annual meeting, Louisville, KY (10:00 am eastern)
 - December 11, 2015 – Teleconference (10:00 am central)
 - January 15, 2016 – Teleconference (10:00 am central)

- Upcoming Governing Board Meetings
 - Annual meeting, September 15 - 17, 2015, Louisville, KY
 - December 18, 2015 - Teleconference

- Old business

None

- New business

None

- Adjournment

With no further business, President Peters adjourned the meeting at 11:57 am.