

Executive Committee Meeting Minutes – Open Session

September 16, 2015, 11:00 am edt

The Brown Hotel, Louisville, KY

- **Welcome and roll call**

President Deb Peters called the open session of the Executive Committee to order at 11:00 am edt. The roll of the Committee was called and present were President Peters (SD), Richard Dobson (KY), Senator Dwight Cook (ND), Victoria Daniels (IO), Michael Eschelbach (MI), Diane Hardt (WI), Eric Wayne (NC), and Representative Brian Kennedy (RI). Absent was Representatives Reuven Carlyle (WA) and Kelley Linck (AR). The quorum was established with 8 of 10 Committee members present.

- **Report on closed session**

Senator Peters and Craig provided a report on the closed session. During the closed session, discussions were held relating to the contract for the new central registration system. Overall cost has not changed since May meeting and no “out of “scope” items had been signed off on that would add additional costs. Discussed the need to sign a contract extension with our current registration system vendor and ability to terminate the contract early. Azavar will be demonstrating the new central registration system at the Governing Board meeting on Thursday morning.

Discussion was held with respect to providing services to non-SST states and what we can offer to help them implement federal remote seller collection authority legislation when it passes due to our nearly 10 years of experience with Streamlined. They will likely need help with the central registration process, CSP certification process, rates and boundary table, the taxability matrix and making sure they meet the alternative minimum simplifications. Craig suggested looking at another class of membership with the SSTGB and Senator Peters set up a small group (Senator Peters, Senator Cook, John Doyle, Richard Dobson and Craig) to develop information/proposal for discussion at a subsequent Executive Committee and then at the Spring Governing Board meeting.

Craig presented a proposal to add a part-time position to the SSTGB. This person would assist with the numerous IT related functions and be cross-trained in some of the critical areas of the SSTGB to help out when the primary person is not available. An announcement for applicants will be sent to the list serves and the plan is to have this person on board no later than early next year.

- **Review and approval of May 12, 2015 Executive Committee Meeting minutes**

President Peters asked if there were any recommended changes to the May 12 minutes and there were no comments. Victoria Daniels motioned the approval, the roll of the Committee was called and it passed with 8 yes votes and 2-absent.

- **Reports of Committees**

- Finance Committee – Victoria Daniels
 - FYE 6/30/15 Fourth Quarter Financial Report (FC15004)

Chair Victoria Daniels discussed, (pg. 73 of GB Meeting materials) the unaudited FY2015 annual financial report. She said the Governing Board has a stable financial condition after 9-1/2 yrs. of operation. Richard motioned the approval and the Committee roll was called. The motion passed with 8-yes and 2-absent.

- FYE 6/30/16 Budget Revisions Proposal (FC15005)

Chair Daniels discussed the revised FY2016 budget. Craig explained the changes in the central registration system payments and there were no questions. Richard Dobson made a motion to approve FC15005. The roll of the Committee was called and the motion passed with 8-yes and 2-absent.

- FYE 6/30/17 Proposed Budget (FC15006)

Chair Daniels reported on the proposed FY2017 budget, FC15006 and said there are no dues increase. Senator Cook motioned the approval, the roll of the Committee was called, 8-voted yes, 2-absent and the motion passed.

- **State Compliance Issues**

Craig Johnson reported that Pam Cook has completed most of the state compliance reviews similar to how it was done last year. However this year, if Pam found incorrect references, typos, etc., she immediately contacted the states and had them review it and if necessary revise their online taxability matrix and/or certificate of compliance. Once the revised documents were posted, those items were removed from the initial report. The goal of following this procedure was to expedite the compliance review calls and not have to waste all of the other participant's time discussing state typos, etc. Craig indicated that this process has worked well so far and thanked the states for their cooperation on this.

Craig indicated that he had received several positive comments about the development and use of both the online taxability matrix and the online certificate of compliance and the amount of time this saved the states in completing their annual compliance review documents. Although there have been some bumps along the way, in the long run this should make the annual compliance review process simpler and more efficient – especially for those states that have few if any changes from their prior year's documents.

- **Old business** - None
- **New business** - None

President Peters said she would like to create a model 2 and model 3 seller's workgroup. The purpose of the workgroup is to discuss the need for Model 2 and Model 3 sellers. Craig said right now we really have only have sellers in 2-buckets. One bucket covers those sellers using a CSP and the other bucket covers those not using a CSP. We do not have anyone registered as a model 2 seller and we have never had any model 3 sellers registered through the system. In fact the process to become a Model 3 seller and any potential compensation has never been developed. He said the question is, do we really need to have a Model 2 and Model 3 option? He said the CSPs are the ones that would potentially be affected the most. Richard Dobson said since we want to be the warehouse, the point of central registration for all vendors post federal legislation, we are the one-stop shop so to speak. Eric Wayne said North Carolina does have taxpayers who use the CSPs but are not Model 1. He asked Charles Collins to speak to that. Mr. Collins said when he was with Taxware they did have some Model 2 sellers that were registered. He said there would be some retailers who would not have the CSPs file returns for them, but yet wanted to get the benefit of liability relief and at the same time take care of filing the returns themselves. He said he thinks it is good to have the CAS (Model 2) because it could be used. Scott Peterson said, at Avalara they don't know what the next person is going to look like. Any time a customer makes a sale in a

Streamlined state, they are using Avalara's certified system. The concept of being a certified seller is much broader than a model-1 seller that "you" pay us for. Senator Peters asked that a workgroup be formed to discuss this further and those who volunteered were Scott Peterson, John Doyle, Eric Wayne, Deborah Bierbaum and Senator Wayne Harper.

- **Next Meetings**

- December 11, 2015 – Teleconference, 10:00 am central. There will be a conflict and the date will be rescheduled. Craig Johnson said the next Governing Board Meeting will be held on December 18, 2015 at 2:00 pm central by teleconference.
- January 15, 2016 – Teleconference (10:00 am central) – Craig said that will be the meeting when the 2016 chairs will be appointed.

- **Adjournment**

With no further business, Senator Dwight Cook moved the adjournment of the open session at 11:52 am edt.