Mr. Richard Dobson called the Finance Committee meeting to order at 1:04 pm CDT. All members were present except Senator Curt Bramble.

Mr. Scott Peterson said the changes to the FY2013 budget approved by the committee at the previous meeting included adding $3000 to telecommunications, reducing meeting income and expenses to reflect actual experience, and moving $30,000 from the online taxability matrix to central registration. In response to a question from Ms. Victoria Daniels, Mr. Peterson said the Governing Board has 2 in-person meetings per year and adopts the budget at the annual meeting held in the Fall each year.

FY2014 budget

Mr. Peterson said one the difficulties developing a budget that doesn’t start for 10 months is guessing the ending balance for the current year. He said the proposed budget assumes spending the same as FY2013 including the $180,000.00 for Federal affairs. He said if the Board receives the same membership dues, meeting income, office expenses, etc. and with a travel increase because of Core Audit travel, but Board will have an ending balance of $150,000. Mr. Peterson said the travel increase is because that is the year the Core Audit team will recertify the certified service providers. Mr. Dobson said the committee saw this coming last year when it developed the FY2013 budget. He said that that ending balance makes him uncomfortable.

Mr. Dobson said the FY2014 budget would have the same issues at the FY2013 budget. He said the Federal Affairs line item may be in budget until Federal Legislation passes. Mr. Peterson said that amount is contractually obligated on a month-to-month basis at the discretion of the Executive Committee. In response to a question from Ms. Victoria Daniels concerning the Executive Committee’s authority to shift money around in the budget, Mr. Peterson said the Executive Director has the authority to overspend a line item up to 10% as long as there’s enough expenditure authority in that category, but the Executive Committee has very little authority.

Mr. Dobson said that historically the Finance Committee felt a comfortable ending balance was 50% of the expenses. He added that if the FY2013 budget turned out as written and the FY2014 budget were like that budget the Governing Board would end FY2014 $352,000 short of the 50% goal. In response to a question from Mr. Dobson concerning when the Governing Board can adjust its budget, Mr. Peterson said the dues are set at the annual meeting so that state can build them into their budget. He said adopting a budget that you knew was going to be amended created a false dues assumption and if the dues are raised in March there will be states that do not have the money because they didn’t have the data to ask for the funds when they had the opportunity. In response to a question from Ms. Daniels about dues history, Mr.
Peterson said in the first year there were no dues. He said half the dues are split evenly among the states and the other half on their pro rata share of state and local sales tax collections. Ms. Diane Hardt said the dues haven’t changed since Wisconsin became a member in 2009. Mr. Peterson added that they have been the same since 2006.

Mr. Dobson said the Governing Board always has a higher ending balance than the projected balance and he would hate to recommend a dues increase if we are starting out with too low of a beginning balance. He suggested recessing for a week so Mr. Peterson can look at the FY2013 budget for places we usually under-spend to try to find additional revenue to minimize the dues increase that would be necessary to have an ending balance that is at least 50% the expenses. Mr. Peterson said he would prepare a history of the dues, a spreadsheet of what the dues would be for each state with a 50% dues increase, and a list of budget items that generally come-in under budget.

Mr. Dobson recessed the meeting until September 12 at 2:30 pm CDT.