

# BAC

**Business Advisory Council**

September 24, 2010

Jerry Johnson, President  
Streamlined Sales & Use Tax Governing Board, Inc.  
4205 Hillsboro Pike, Suite 305  
Nashville, Tennessee 37215

{Sent Via E-Mail}

**Re: Business Advisory Council Resolution on Vendor's Compensation and Small Seller Exception**

Dear President Johnson:

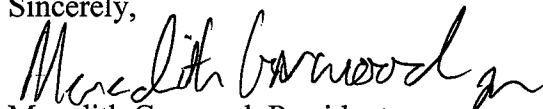
On September 21, 2010, the Business Advisory Council's ("BAC") Board of Directors passed a resolution holding the Governing Board's proposal (AM09003A08) regarding vendor's compensation and the small seller exception is inadequate.<sup>1</sup>

The BAC resolution further outlines the "minimum" compensation a member state should provide to obtain remote seller collection authority in the Federal Main Street Fairness Act. The minimum rate of compensation based on tax collected should be 0.8% for states without local tax jurisdictions and 1.0% for all others. An additional 0.1% is required for: i) states that have a second rate on food and drugs and ii) states that have a cap or threshold on clothing.

Addressing small sellers, the resolution specifies a \$500,000 in remote sales threshold for the small seller exception (excluding wholesale transactions). In addition, for a period of at least six months, new remote sellers with less than \$6,250 in monthly tax collections should be entitled to additional compensation of at least 5% of the tax collected.

Please let me know if you have any questions.

Sincerely,



Meredith Garwood, President  
Business Advisory Council  
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Cc: Scott Peterson, SSUTA Executive Director  
BAC Board Officers

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<sup>1</sup> The actual BAC resolution is attached to the e-mail transmission of this letter.