

Public Comment regarding direct mail and delivery charges

From: Terry Allen @ Service Info [mailto:Terry@ServiceInfo.BIZ]
Sent: Monday, July 16, 2007 8:30 AM
To: Scott Peterson
Subject: Enough is enough! Ref. to the SST Project

Scott, please pass on my few thoughts regarding the SST Project:

As a small commercial printer I have no more time to do the governments accounting work. I'd add more to this discussion but "I JUST DON'T HAVE TIME", I've got a business to run.

Thanks for your efforts in my behalf Scott.

Terry W. Allen, President <mailto:Terry@ServiceInfo.BIZ>
Service Info Systems, Inc. **Voice: 817.834.8144**
1661 Hickory Drive **Fax: 817.834.3914**
Fort Worth, TX 76117-6019 www.ServiceInfo.BIZ

From: Jim Motheral [mailto:jmotheral@MOTHERAL.com]
Sent: Monday, July 16, 2007 12:15 PM
To: Scott Peterson
Subject: Public comment for September Governing Board Meeting

Scott, I am a printer in Texas who mails a great deal of what I print. Printing is a commodity business where only the best companies make 6% profit or better. In my company Postage is not marked up so I am not making profit by selling postage. If postage is taxed in states with SST then printers who mail will not be able to survive in those states. Part of what I print is delivered to "mail houses" which specialize in mailing, they also must be exempt from taxation.

Specifically, please see my following comments:

Rule 327.4.A - postage on mail is taxable unless a state has adopted the direct mail delivery charge exclusion.

Rule 313.2.3 - All printers must be excluded from sales taxation whether they provide mailing services or not. The end customer counts on all printer being exempt.

Rule 313.2 - taxation of each individual address is a huge administrative burden and does not simplify anything.

Rule 313 - favors mailing houses over printer - we should both be treated equally.

Rule 313.1, 313.3 - I support the safe harbors but the rest of the rule is unacceptable and leaves out provisions for simple and equitable tax administration.

Section 311 needs to be amended to source billing, mailing and list services and direct mail printing under the general sourcing rules.

Section 313 should be amended to provide simplification for use tax reporting on distribution.

Thank You,

Jim Motheral
Motheral Printing
4251 Empire Road
Fort Worth, Tx 76155
817-868-2226
817-868-2750 Fax
www.motheral.com

From: CCS Printing [mailto:brenda@ccsprinting.com]
Sent: Monday, July 16, 2007 11:46 AM
To: Scott Peterson
Subject: Action Required --- Sales Tax

Re: Streamline Sales Tax

Dear Mr. Peterson,

As you know, 15 states (not TX or MO) have adopted the Streamline Sales Tax Agreement (SSTA). Thus, your regulating body called the SSTA Governing Board and its sub committees dictate how sales taxes will be determined in those states.

Texas and Missouri have not adopted the agreement, but are still part of the SSTA "Project" and are involved with voting on proposed rules -- and that's why I'm contacting you.

The Printers Association staff, along with dozens of volunteers and tax professionals, have been working diligently to find ways to have this body interpret and write regulations which are "printer friendly," specifically when it comes to direct mail and the **potential** taxation of postage and mailing services. We don't know if Texas or Missouri will ever adopt the SSTA, but if they do, the states would be mandated to follow whatever rules have been drafted by the SSTA -- and that's why we're working so hard to make the rules **reasonable** for the industry.

It's extremely important that the Governing Board and its committees hear the voice of business. We ask that our comments be published for September's Governing Board meeting.

Here are the following points to be published for September's Governing Board meeting:

- We are opposed to Rule 327.4.A which states that postage on mail is taxable as part of the sales price of printed material unless a state has adopted the direct mail delivery charge exclusion.
- Rule 313.2.3 which does not allow the direct mail delivery charge exclusion to printers that do not provide mailing services is unfair to printers and is a retroactive change in tax administration policy by the SST Project which creates exposure for direct mail advertisers relying on previous interpretations.
- Rule 313.2 allocates mailing and billing services to each individual address in a bulk mailing. This is an administrative burden and is not simplification.
- Rule 313 favors mailing houses over printers competing for direct mail service jobs in the sourcing of mailing services.
- We support the safe harbors included in Rule 313.1 and 313.3 but the rest of the Rule is unacceptable and leaves out provisions needed by the industry for simple and equitable tax administration.

-Direct mail print jobs are sold at the loading dock and not at the mailbox. Section 311 needs to be amended to source billing, mailing and list services and direct mail printing under the general sourcing rules. Section 313 should be amended to provide simplification for use tax reporting on distribution.

thank you for your attention and consideration to these matters,

Merle Baker

President/Owner

CCS Printing

111 Oak Lawn Avenue

Dallas, TX 75207

v: 214-747-8705

f: 214-748-9922

e: merleb@ccsprinting.com

From: Tanner Shepard [mailto:tanner@ranchroad.com]

Sent: Monday, July 16, 2007 10:59 AM

To: Scott Peterson

Subject: Upcoming Vote on Sales Tax Rules

To whom it may concern:

As a design and printing company can you publish our below comments as public comment for the September Governing Board meeting.

Ranch Road Design & Printing, Inc. is opposed to Rule 327.4.A which states that postage on mail is taxable as part of the sales price of printed material unless a state has adopted the direct mail delivery charge exclusion.

Concerns of Ranch Road ...

- Rule 313.2.3 which does not allow the direct mail delivery charge exclusion to printers that do not provide mailing services is unfair to printers and is a retroactive change in tax administration policy by the SST Project which creates exposure for direct mail advertisers relying on previous interpretations.
- Rule 313.2 allocates mailing and billing services to each individual address in a bulk mailing. This is an administrative burden and is not simplification.
- Rule 313 favors mailing houses over printers competing for direct mail service jobs in the sourcing of mailing services.
- We support the safe harbors included in Rule 313.1 and 313.3 but the rest of the Rule is unacceptable and leaves out provisions needed by the industry for simple and equitable tax administration.
- Direct mail print jobs are sold at the loading dock and not at the mailbox. Section 311 needs to be amended to source billing, mailing and list services and direct mail printing under the general sourcing rules. Section 313 should be amended to provide simplification for use tax reporting on distribution.

Thank you for your time and efforts.

Best regards,

Tanner Shepard

Tanner@RanchRoad.com | 512.719.9999 | www.RanchRoad.com

Tanner Shepard, co-owner
Ranch Road Design & Printing, Inc.
8906 Wall Street
Suite 507
Austin , TX 78754

From: Jack Grafius [mailto:jackgrafius@minutemanpress.com]
Sent: Monday, July 16, 2007 9:09 AM
To: Scott Peterson
Subject: Direct Mail

I'm writing comments that I hope you will publish as a public comment for the September Governing Board meeting. I'm a small printer who does direct mail for customers and pass postage costs through at cost. I don't want to have to pay sales tax on what is just a pass through expense. I also don't want to be at a tax disadvantage to the big mail houses.

I am opposed to Rule 327.4A which makes postage taxable as part of the sales price of printed material unless a state has adopted the direct mail delivery charge exclusion.

Rule 313.2.3 which does not allow direct mail delivery charge exclusion to printers that do not provide mailing services is unfair to printers and is a retroactive change in tax administration policy by the SST Project.

Rule 313.2 allocates mailing and billing services to each address in a bulk mailing. This is an administrative burden and is no simplification.

Rule 313 favors mailing houses over printers competing for direct mail service jobs.

I support the safe harbors included in Rule 313.1 and 313.3 but the rest of the Rule is unacceptable and leaves out provisions needed for simple and equitable tax administration.

Direct mail print jobs are sold at the loading dock and not at the mailbox. Section 311 needs to be amended to source billing, mailing and list services and direct mail printing under the general sourcing rules. Section 313 should be amended to provide simplification for use tax reporting and distribution.

*Now, send us perfect files every time with our new Adobe Job ready PDF software.
Download it now at www.cedarpark.minutemanpress.com*



**MINUTEMAN
PRESS.**

Jack Grafius
Jackgrafius@minutemanpress.com

Minuteman Press
715 Discovery Blvd. #403
Cedar Park, Texas 78613
Tel: (512) 259-7610
Fax: (512) 259-7634

From: Jim Quinn [mailto:jquinn@sirspeedy4043.com]
Sent: Monday, July 16, 2007 9:02 AM
To: Scott Peterson
Subject: Taxing Postage

I'm opposed to the proposed law requiring that postage on direct mail be subject to state sales taxes. The postage price increases by themselves are already causing our customers to cut back and re-evaluate the ROI on their mailings.

Jim Quinn
Sir Speedy 4043
15323 Midway Road
Addison, TX 75001
Phone 972-788-4266
Fax 972-788-2367
jquinn@sirspeedy4043.com

From: Curtis Jones [<mailto:cjones@heritagesolutionsok.com>]
Sent: Monday, July 16, 2007 2:51 PM
To: Scott Peterson
Cc: Terrie Walker; David Delana
Subject: Postage Taxation Legislation

Scott,

As an active and integral member of the largest printing association in the US, Graphic Arts Information Network (GAIN) formerly known as Printing Industries of America (PIA) we would ask for your support in part to the mailing services and postage as listed below:

We are opposed to Rule 327.4.A which states that postage on mail is taxable as part of the sales price of printed material unless adoption of the direct mail delivery charge exclusion.

Rule 313.2.3 which does not allow the direct mail delivery charge exclusion to printers that do not provide mailing services is unfair to printers and is a retroactive change in tax administration policy by the SST Project which creates exposure for direct mail advertisers relying on previous interpretations.

Rule 313.2 allocates mailing and billing services to each individual address in a bulk mailing. This is an administrative burden and is not simplification.

Rule 313 favors mailing houses over printers competing for direct mail service jobs in the sourcing of mailing services.

We support the safe harbors included in Rule 313.1 and 313.3 but the rest of the Rule is unacceptable and leaves out provisions needed by the industry for simple and equitable tax administration.

Direct mail print jobs are sold at the loading dock and not at the mailbox. Section 311 needs to be amended to source billing, mailing and list services and direct mail printing under the general sourcing rules. Section 313 should be amended to provide simplification for use tax reporting on distribution.

Curtis Jones
Chief Officer of Sales

Office 405.422.2643

July 19, 2007

Via Email

Ms. Diane Hardt
Chair
Ms. Sherry Harrell
Vice Chair
Streamlined Sales and Use Tax
State and Local Advisory Council

Re: Comments on Direct Mail Interpretative Rules

Dear Ms. Hardt and Ms. Harrell:

The undersigned are writing to express the views of direct mail customers regarding the proposed rules interpreting Section 313. We appreciate the opportunity to submit our comments and assist in the development of interpretative rules that provide clear and consistent guidance in this area.

As direct mail customers, we recognize the complexities faced by printers and other direct mail sellers in sourcing transactions involving direct mail. However, the rule in its current form leaves several issues unresolved and results in both confusion and complexity. We urge the SLAC to continue to work with the business community on this rule and delay submitting the rule to the governing board for a vote.

Some of the specific issues identified by direct mail customers include:

- 1) Examples are incomplete or inconsistent
 - Rule 313.1.2. The example indicates that a seller does not have jurisdictional information for the purposes of sourcing, yet the seller "knows" that a specific amount is going out of state and can therefore avail itself and/or grant the purchaser a "shipped out of state" exemption. We believe this can be worded in a less confusing manner.

- Rule 313.2.3.B, Example 2 makes an assumption in the conclusion that is not part of the facts. The example assumes that the stores are all owned by a single purchaser who pays for the entire job. Without specifically stating it, the conclusion is reached that all materials are shipped to a single address.

2) State differences between "printing TPP" and "printing services"

- The rule should articulate a better understanding of state differences for "printing TPP" and "printing services" is necessary to determine whether the rule is broader than the Agreement's terms. For example, if the "printing" transaction is considered a service in a state, does section 313 even get invoked? The definition of "direct mail" states that it "means printed material..." (TPP). It does not include the printing of materials as presented in 313.2.1.A. The Rule cannot be broader than Section 313.
- The fact that the same transaction could be considered a sale of TPP in one state and the sale of a service by another creates opportunity for double taxation and this needs to be addressed.

3) Defining tax "legally due"

States are reluctant to opine that the tax paid under this sourcing rule is "legally due" for the purposes of the credit for taxes paid.

- Non-SST States may not recognize that tax paid at origin (under Sec. 310A(5) default) is tax legally due and will attempt to impose use tax on purchasers. A similar problem was encountered during the MPU debate.
- The State position has been that the purchaser should give the direct mail form to avoid this problem. Often, the purchaser is not provided the address information when they "rent" the names on a mailing list. They are in no better position than the seller. The sourcing rule should specifically address the handling of the matter if neither party has the information.

4) References to Allocation

- Some examples refer to the purchaser using an allocation to determine how to source direct mail transactions. While individual states may accept and allow allocation, it may not be appropriate to address allocation for all member states. Lessons learned from the "MPU" debate must be applied in developing this rule.

Direct mail customers look forward to working with the business community and the SLAC to develop a more comprehensive and clear rule related to direct mail transactions.

Respectfully submitted,

Apria Healthcare, Inc.

General Electric Co.

Chevron Corporation

Georgia-Pacific Corporation

GE Capitol Corp.

VIA Electronic Mail to dhardt@dor.state.wi.us

July 24, 2007

Ms. Diane Hardt

Administrator

Division of Income, Sales & Excise

Wisconsin Department of Revenue

PO Box 8933

Madison, WI 53708-8933

Re: Delivery Charge Rule 327.4

Direct Mail Coalition Public Comment

Dear Ms. Hardt,

We request your assistance in distributing this correspondence to members of SLAC. By copy of

this letter we request Mr. Peterson's assistance in distributing this correspondence to delegates to

the Governing Board and to publish the same for the September Board meeting.

This letter is an

additional public comment on the proposed delivery charge rule as promised during the July 20

teleconference.

We request SLAC's consideration in adding the following sentence to the proposed Rule:

"Delivery charges" does not include charges incurred for delivery after receipt by the

purchaser as defined in the Agreement.

Taxpayers need this clarification and the certainty it provides as to how delivery charges

included in sales price relates to receipt by the purchaser. In addition, the statement strengthens

the Agreement and the relationship between the body of the Agreement and its definitions. We

would not assume that the statement is too obvious for inclusion in the Rule and yet we do not

anticipate that this phrase would be controversial. We recommend that the Delivery Charge Work Group develop examples in the proposed Rule to illustrate this addition. Examples for types of receipt as defined under Section 311 would be helpful. We also note that the Rule circulated to the Work Group for its May 18 meeting contained the following statement: "Delivery Charges" are only included in the "sales price" or the "purchase price" if they are "charges by the seller." The meeting in which this sentence was dropped by the Work Group was not well-attended. We request further discussion by the Work Group and greater consideration by SLAC as to adding

Ms. Diane Hardt
July 24, 2007

Page 2

this statement back to the Rule. If there is controversy as to how this phrase is to be interpreted, then such controversy would likely indicate that the matter needs further consideration and taxpayers need guidance for the same reason.

Sincerely,

Melanie Hill, CPA, CMI

Direct Mail Coalition, Dow Lohnes Price Tax Consulting Group

Cc: Mr. Scott Peterson, SST Governing Board

Mr. Stephen Kranz, COST

Ms. Kristi Magill, BAC Board Member

Mr. Bruce Johnson, Utah Tax Commission

Ms. Joan Wagnon, Kansas Department of Revenue

Ms. Sherry Harrell, Tennessee Department of Revenue

Mr. Dale Vettel, Michigan Department of Treasury

Mr. Mike Eschelbach, Michigan Department of Treasury

Mr. Gene Del Polito, Ph.D, The Association for Postal Commerce, a/k/a PostCom

Mr. David Weaver, Mailing & Fulfillment Service Association

Ms. Lisbeth Lyons, Printing Industries of America/Graphic Arts Technical Foundation

Mr. Maynard Benjamin, Envelope Manufacturers Association

Mr. Stephen Woods, National Federation of Independent Businesses

Mr. Harold Yankelevitz, Printing Association of Florida

Mr. Joe Polanco, Printing and Imaging Association Mid America (TX, OK, KS, we. MO)

Mr. Tim Freeman, Printing and Imaging Association of New York State (NY, upper NJ)

Ms. Donna Hanbery, Saturation Mailers Coalition

Mr. Jim Tepper, Printing Industries of New England
Mr. Ed Chalifoux, Printing Industry Association of the South
Ms. Joanne Rock, Printing Industry of Illinois/Indiana Association
Mr. Dick Clark, Printing Industries of the Midlands
Ms. Marge Baumhauer, Graphic Arts Association
Mr. Jeff Stoudt, Printing Industry of the Carolinas
Mr. David Radziej, Printing Industry of Minnesota
Mr. Nick Wagner, Printing Industries of Michigan
Mr. Jim Cunningham, Printing Industries Association Northern Kentucky & Ohio
Mr. Jim Prendergast, Mailing & Fulfillment Service Association of NY/NJ
Mr. Jeff Robinson, Dallas Fort Worth Mailers Association
Mr. Kathy Siefken, Nebraska Grocery Industry Association
Mr. Laurie Ehlbeck, National Federation of Independent Businesses
