PIA MIDAMERICA
PRINTING & IMAGING ASSOCIATION

March 21, 2008

Mr. Scott Peterson
Streamlined Sales Tax Governing Board
4205 Hillsboro Pike
Hobbs Building, Suite 305
Nashville, TN 37215-3339

Dear Mr. Peterson:

PIA MidAmerica, the regional trade association for the commercial printing industry in Texas, Oklahoma, Kansas and Missouri, is submitting this public comment to register opposition to AM07034A01, RP0716A01, RP07017 and AM07033.

Although the possibility exists that these items may not be discussed or may be amended on the floor, we'd like to register opposition to those items as noticed. Please note that we support AM07035, the BAC "reverse toggle."

Last February our Association's leadership met to review and discuss SSTA direct mail and delivery charge definitions. Attached is a letter received by one of our members indicating the Comptroller's awareness of direct mail and delivery charge issues. We will hold a meeting dedicated to this issue on May 13 with the Dallas/Fort Worth Mailer's Association and hope that we will have an opportunity to provide an update to Texas printers and mailers as to the status of these issues. We also hope to educate our members on differences in tax administration policy in the event that SSTA legislation is adopted and explain the potential benefits of SSTA legislation in Texas.

I attended the recent SSTA meetings in both Kansas City and Dallas and heard the Comptroller's support for SSTA legislation now that the origin sourcing option has been established. I hope that direct mail issues can be resolved before this legislation is introduced in Texas. From our perspective, it is better to get it right than to get it fast. For this reason, I do not think the direct mail sourcing amendment and rule are ready for adoption but am optimistic that the remaining issues will soon be resolved.

On the other hand, I believe the taxation of postage issue has been vetted and support action on this issue at the Reston meeting. It is my understanding that the BAC submitted another version to a SLAC work group on March 12 which combines elements of both AM07033 and AM07035 and I support this initiative. If this revised proposal can make it to the floor as a

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compromise, we support it as an acceptable resolution and urge Texas' support on this during the SLAC meeting on March 31st. I plan to participate in the April 2nd meeting by teleconference and hope to have an opportunity to voice my support for this or any other compromise which may be supported by both the Direct Mail Coalition, the BAC and SLAC.

From the perspective of an industry representative, and not as a tax professional, it appears that tax administration for direct mail will be particularly complex for small businesses. The average Texas print facility employees less than 25 workers and yet generates revenue in excess of the proposed Federal carve-out for small businesses. For this reason, we are interested in the Washington direct mail sourcing amendment AM08002 to provide simplification measures drafted as an option for those states interested in reducing the tax compliance burden on direct mail. While I expect Texas will likely adopt the origin sourcing rule for all intrastate transactions, we are very concerned about our ability to comply with direct mail sourcing rules in thousands of other jurisdictions outside the state of Texas. This issue is very important to our members and we hope that a work group can be formed to develop an alternative and optional simplified rule.

Sincerely,

Joseph Polanco
President

Cc: Ms. Susan Combs, Texas Comptroller of Public Accounts
Ms. Robin Corrigan, Senior Analyst, Sales Tax Policy
Mr. Jeff Robinson, DFW Mailer's Association
Mr. Leo Raymond, MFSA
Ms. Lisbeth Lyons, Printing Industries of America