



March 28, 2008

Mr. Scott Peterson
Streamlined Sales Tax Governing Board
4205 Hillsboro Pike
Hobbs Building, Suite 305
Nashville, TN 37215-3339
Via email to scott.peterson@SSTGB.org

Dear Mr. Peterson:

The Printing Industry of Minnesota, Inc. (PIM) is a state-level trade association representing the graphic arts and printing industry, with members in nine other states. We have approximately 350 member firms employing nearly 36,000 Minnesota residents. Thank you for the opportunity to submit this public comment with regard to direct mail and delivery charge agenda items noticed for the meeting in Reston.

We appreciate the time and effort of SLAC to draft these documents and in particular the efforts of Ms. Niccum. As a representative of the Department of Revenue, Judy met with me several times over the past few years and has been most helpful in providing guidance with regard to direct mail and other print-related issues.

While PIM believes that progress has been made, we must nonetheless oppose AM07034A01 and RP0716A01 on the basis that these proposals complicate tax administration for direct mail and are not well understood. We do not understand all the concerns currently being raised with regard to business correspondence. As anecdotally documented in the attached legislative history, we understood direct mail to include mail containing individual account information. While PIM supports the simplification and clarification of business correspondence, we believe

it should be done within the well-thought-out structure of Section 313 under which we have been operating for over six years. We hope that work will continue so that consensus can be reached at the June Meeting.

Although additional time is needed on direct mail sourcing and definitional issues, we believe that the delivery charge definition can be resolved in Reston. In our opinion, the current delivery charge definition is easily misunderstood and is not uniformly interpreted. We do not believe the Governing Board can reach consensus on the current definition without disenfranchising a significant number of stakeholders.

This issue was resolved in Minnesota by a retroactive adoption of the “direct mail delivery charge exclusion.” This was a cooperative effort between my association, Minnesota businesses, the legislature, and the Department of Revenue. It was a difficult process which can be prevented by addressing the root problem—the current definition is ambiguous and includes an item in the tax base which has not been commonly regarded as taxable in most states prior to 2002, including Minnesota. This legislative history is documented in the attachment to this letter.

We are opposed to AM07033 on the basis that it is incomplete because it does not address our concerns. We support AM07035. It is our understanding that a small group of BAC and SLAC representatives have been working on language to combine AM07033 and AM07035 into a single proposal and we support these efforts. It is my hope that the Minnesota SLAC and Governing Board delegates will vote in support of this initiative.

Minnesota has perhaps eighteen local sales tax jurisdictions but our members are very concerned about complying with the thousands of jurisdictions in Washington, Texas, Missouri, Iowa, and Kansas etc. for print jobs where each item may cost a dime. Federal legislation will be a significant burden for many of our members who are small businesses. We support AM07008 in concept but only if it is understood to be part 1 of a 2 part simplification option. If West Virginia and Washington will agree, and my understanding is that they may be amenable to assuming this responsibility, to draft a second amendment which is similar in nature but applicable to interstate commerce and out-of-state printers, we support the immediate adoption of this amendment.

Without part 2, we believe the proposal provides an unfair advantage to Washington printers and our industry requests a fair and level playing field that is as simple as possible to administer.

We are very excited about the simplification initiative sponsored by Washington and West Virginia. We are hopeful that these efforts, and the efforts of the work group led by Judy, will result in guidance and simplification that will directly benefit our members and their customers. We realize how hard they have been working on this and appreciate their efforts.

Sincerely,
PRINTING INDUSTRIES OF MINNESOTA

A handwritten signature in black ink, appearing to read "David Radziej", with a long horizontal flourish extending to the right.

David Radziej
President

Cc: Mr. Ward Einess, Commissioner Minnesota Department of Revenue
Mr. Larry Wilkes, Minnesota Department of Revenue
Mr. Don Trimble, Minnesota Department of Revenue
Senate Council Michelle Allen
Representative Dean Simpson
Ms. Judy Niccum, Minnesota Department of Revenue
Ms. Cathy Wicks, Minnesota Department of Revenue
Ms. Susan Barry, Minnesota Department of Revenue
Mr. Greg Heck, Minnesota Department of Revenue
Ms. Michelle Kluge, Minnesota Department of Revenue
Ms. Kathy Yzermans, Minnesota Department of Revenue