Call to order and attendance:

Secretary Joan Wagnon called the meeting to order at 1:00 p.m. on December 11, 2007. All member states were present. Mr. Scott Peterson informed the Governing Board that Ms. Pam Cook had recently began providing contract tax analysis services for the Board. He said she would assist in many areas including the Compliance Review and Interpretations Committee.

Approval of Minutes from September 2007:

Delegate John Doyle moved and Commissioner Bruce Johnson seconded the approval of the minutes from September 2007. The minutes were approved on a voice vote.

Financial Report:

Mr. Bob Cox reported that we have a high cash balance because it is still the first quarter and the last meeting was not closed out. Delegate Doyle moved and Commissioner Bruce Johnson seconded a motion to accept the Financial Report. The motion passed on a voice vote.

Audit Committee Report:

Mrs. Sherry Harrell, on Mr. Bruce Christensen’s behalf, reported that the Audit Committee was continuing its audit of the CSPs including an alternative to the current bond requirement. She reported that they are working on direct pay permits, a revised audit manual, and a uniform good faith standard.

Certification Committee Report:

Mr. David Thompson reported that the Certification Committee continues to evaluate the latest CSP candidate. He said they also developed a central location on the Streamline website for all state’s rates and boundaries tables.

Energy Star definition:

Mr. Andy Sabol reported that the Energy Star sales tax holiday definition (AM07029) had been through the State and Local Advisory Council and the Compliance Review and Interpretations Committee with little or no comment. Mr. Sabol moved the adoption of the Energy Star definition. No second was required as this is a committee recommendation. That motion passed unanimously on a roll call.

Nevada’s Petition for Membership:
Mr. Tony Mastin reported that Nevada had adopted emergency rules which addressed the issues raised at the September Governing Board meeting. He said the Compliance Review and Interpretations Committee moved the approval of Nevada’s membership petition effective April 1, 2008. Ms. Carolyn Iafrate said that she and Mr. Al Babbit reviewed Nevada’s rules and agrees with Mr. Mastin. The motion passed unanimously on a roll call.

**Report of the State and Local Advisory Council:**

Ms. Sherry Harrell reported that the council was working on sales price, sourcing of florist sales, and maintenance and warranty contracts. She said that the council’s direct mail product is ready to be discussed at this meeting.

**Workshop on the Federal Legislation:**

Ms. Maureen Riehl, Mr. Wayne Zakrzewski, and Secretary Wagnon explained the hearing in front of the House Judiciary subcommittee on the federal legislation. They reported that it was a very good session. Mr. Rich Prem said he thought that the Governing Board should form a committee to take care of any issues that arise regarding the federal legislation. Secretary Wagnon showed her support for such a committee. Ms. Riehl explained that a committee would send a message that the Governing Board was ready to deal with issues as they arise.

**Workshop on Practical Tax Administration Business Issues:**

Mr. Jeff Hyde explained that GE put together a list of practical tax administration issues (MC07017) that his company faced that he felt were common issues for businesses. He explained the list included movement of money, direct pay permits, and simplified electronic returns among various other issues. Mr. Charles Collins reported that the BAC hosted a meeting and discussed a way to make the burden less on those tax payers. Commissioner Jerry Johnson explained that these ideas might improve the system by making it simpler and available to more sellers. Secretary Wagnon explained that retailers and purchasers would be more interested in being involved with Streamline if states agree to simplify as much as possible. She explained that this is important work and it’s just the beginning.

**Report of Taskforce on Sourcing/Associate Membership:**

Senator Kenley explained that the taskforce meet many times both by teleconference and in person. He said they have come up with a solution to the sourcing issue that will benefit many states.

Commissioner Jerry Johnson moved that AM07038A04 be offered as a substitute motion for AM07038A03.
Mr. Riesenberger moved and Mr. Dale Vettel seconded a motion to insert “and reasonable administrative requirements” after “law” on the last line at the bottom of page 5. After some discussion, Mr. Riesenberger withdrew his motion.

Mr. Kranz moved and Mr. Rich Prem seconded a motion to amend the existing proposed amendment by: (1) adding “sales or use” before “tax” in the second line on B 3 on page 4 and before “tax” in the third line of C 3 on page 4; (2) by replacing C 7 on page 6 with “When a Company offers both taxable services and taxable tangible personal property or digital products for sale, a State shall elect either origin sourcing or destination sourcing to determine a single situs for that Company’s sales, unless such Company elects to comply with the different sourcing rules for services, and tangible personal property or digital products. Such state election required until such time as the Governing Board adopts a uniform methodology to address such sales.”; (3) by changing “2010” to “2009” and “five (5)” to “seven (7)” in D 2 and D 3; and (4) to replace “upon becoming a full member state” with “the effectiveness of a state electing to source under 310.1.” in new section 604.A on page 7.

Senator Kenley moved that the motion be divided into four sections. (Each division is noted in the preceding paragraph by a number in parenthesis.) Division (1) passed on a voice vote of 15 yes and 7 no. Division (2) was withdrawn. Division (3) was defeated on a voice vote of 1 yes, 21 no, and 1 abstention. Division (4) was defeated on a voice vote of 2 yes and 20 no.

Commissioner Bruce Johnson moved and Mr. Rich Prem seconded a motion to delete C 7 on page 6. That motion was defeated on a vote of 11 yes and 11 no.

Larry Wilkie moved and Steve Kranz seconded to change the dates in D to 2009 and to increase the number to 6. The motion was defeated 17 to 3 with 2 abstaining.

The original motion by Commissioner Jerry Johnson to approve the amended document was approved unanimously on a roll call.

Senator Dwight Cook suggested that notwithstanding this vote, the Governing Board should consider a resolution encouraging states use destination sourcing.

**Direct Mail:**

Ms. Kristi Magill reported on the direct mail work done by the BAC. Secretary Wagnon informed that there will not be action taken on this. Ms. Magill explained that the SSUTA currently requires states to affirmatively choose not to tax shipping on direct mail. She said the BAC would prefer that the states must affirmatively impose tax on the shipping of direct mail since very few states tax the shipping on direct mail. Ms. Melanie Hill spoke to the board and explained that there is a public comment letter that has been sent regarding direct mail issues. She explained that the current delivery charge definition does not resolve the issues at hand. She said that the reverse toggle is a compromise and the way to get to uniformity.
**Sourcing Software Licenses:**

Mr. Andy Sabol summarized the proposed rule RP07018 and said that it was approved by SLAC and CRIC recommended it. Mr. Kranz informed that board that BAC recommends this rule as well. Mr. Sabol moved to accept rule RP07018 and the motion passed unanimously on a roll call vote.

**State Recertification:**

Mr. Andy Sabol summarized the proposed rule RP07014 and explained that SLAC approved it and CRIC recommended it. Mr. Andy Sabol moved to accept rule RP07014 and the motion passed unanimously on a roll call vote.

**SSUTA Interpretive Opinion:**

Mr. Andy Sabol explained that proposed rule RP07015 was approved by CRIC last year but had not yet been acted upon. He further explained that it clarifies the process CRIC is currently using. Mr. Sabol moved to accept rule RP07015 and the motion was passed unanimously on a roll call vote.

Secretary Joan Wagnon adjourned the meeting at 12:10 pm.