• Welcome and Roll Call of Member States

President Russ Brubaker called the meeting to order at 1:16 PM. All member states were present and voting.

Mr. Richard Chandler of the Wisconsin Department of Tax and Revenue welcomed everyone to Wisconsin on behalf of Governor Scott Walker.

• Approval of Minutes from December 19, 2011

Senator Curt Bramble moved the approval of the minutes from the December 2011 meeting. That motion was approved on a voice vote.

• Final Action on Amendments from Previous Meeting
  o None

Reports of Committees

• Finance Committee

Treasurer Richard Dobson announced the membership of the Finance Committee.

  o FY 2012 Second Quarter Financial Report - FR12001
  o Discussion of FY 2013 Annual Budget

Mr. Dobson presented both the second and third quarter financial reports. He said the Governing Board’s expenses were within the budgeted amount with very little variance. Mr. Dobson moved the adoption of both reports. That motion was approved on a voice vote.

• Executive Committee Report

  o Discussion of the implementation of Federal Legislation
  o Federal Legislation on remote sales

Senator Luke Kenley reported on the discussions and actions taken since the last meeting. He said the organization’s greatest selling point is the 12 years of working with the business community to put together a pro-business solution to this problem. He said we can’t get by just writing a letter or having a conversation with your Congressman or Senator; we must have some constant reminder. Ms. Joan Wagnon reported on the meeting she had the week before
with all the Senators that represent the Marketplace Fairness Act (MFA). She reported that the challenge is to find a vehicle upon which to attach the MFA and to finalize the language. She said that even with all the effort being done by businesses the states need to ramp up their efforts.

Mr. Emmett O’Keefe said momentum continues to build. He said the Senate hearing was a success. He said a DC newspaper reported that Chairman Smith was looking at a hearing in July. Delegate John Doyle said there were additional sponsors for both the House and Senate bills.

President Brubaker reported on a series of meetings the Federation of Tax Administrators (FTA) were conducting. He said a number of states were working to see if the FTA could develop a position on Federal legislation that could be supported by Streamline states and non-streamline states. Mr. Bruce Johnson explained some of the issues being discussed and expressed concern that their discussions may take as long as it did to negotiate the SSUTA. Mr. Jerry Johnson explained that neither of the most discussed bills work for how states tax motor vehicles and they are trying to identify those issues to bring to the sponsor’s attention.

• Discussion of CSP Contract Process

Mr. Scott Peterson reported on the progress of the different groups involved in the certified service provider (CSP) contract process. He reminded the Governing Board that this is a multiple committee process conducted every 2 years in conjunction with the expiration of the CSP contract. He said the Core Audit Team and the Certification Committee had completed their work and recommended the Governing Board recertify the current 6 CSPs.

Mr. Peterson said that President Brubaker had appointed a committee to work through all of the different CSP contract suggestions and comments. He said the majority of the suggested changes were relatively straightforward, such as the definition of an affiliate. He said one solution would be for the Governing Board to develop the questions CSPs should ask their sellers. Mr. Peterson said an issue that wasn’t so straightforward was the strict liability imposed on the CSP’s for most of the things that can go wrong in a sales tax transaction. Mr. Peterson said it was by design to make the concept better for retailers. He said he believed the CSP’s liked selling liability protection to retailers. He said the CSPs are concerned about the breadth of that protection even though that in their contracts with retailers they do their best to shift the liability to the retailer if the CSP is found liable by the state for a retailer’s mistake.

Mr. Peterson said liability is a concern when the retailer maps their products to the product categories in the CSP’s system. He said we don’t want someone to inadvertently map ammunition as socks making it exempt from sales tax where socks are exempt. He said the real potential for error in this system is not whether a particular address is inside or outside of a city or not knowing whether Minnesota exempts socks and taxes ammunition, but in making sure the information passed between the CSP and the retailer is accurate, so the system knows
when he retailer is selling ammunition and not socks. He said that liability is on the CSPs and they have asked that it be changed.

Mr. Peterson said the problem with changing who is liable is complicated by the fact that every state has a statute that says the seller isn’t liable. He said the only way to shift that liability would be for each state to change their law. He said changing the CSP contract would not change anyone’s law. Mr. Peterson said the CSPs are also concerned with their liability when a retailer goes bankrupt or out-of-business and they are unable to get data to prove a request from a state in an audit. He said the contract holds the CSP liable even if they cannot get the data to prove the transaction was properly taxed. He said that having a contract with the retailer is of little value so long after the fact. Mr. Peterson said if the state had the relationship with the retailer the state would be have better standing in bankruptcy court.

Senator Bramble questioned whether having the CSP in the equation changed the fact that these are trust fund taxes and the liability is supposed to survive bankruptcy. He said that even though there’s a CSP involved the company should still be liable to the state. He said this was much like a professional employer organization and withholding taxes which survive bankruptcy. Senator Bramble said he didn’t want to be a position where someone asks if the CSP contract trumped state law. Mr. Eric Wayne said the contract is clear that the CSP would have to pay the tax. He said North Carolina was checking with their bankruptcy division to get more comfortable with the issue.

Mr. Peterson said there were two issues with the definition of a volunteer seller. He said the first issue was whether or not a non-volunteer seller could switch to volunteer if they start meeting the definition. He said the CSPs read it that way, but some states don’t. He said the second issue was related to retailers that are already registered in state when the state becomes a member. He said each of the last three state to join have discovered that companies already registered in their state met the definition of a volunteer. Mr. Peterson said all three states objected to granting volunteer status for some or all of those sellers. Mr. Charles Collins suggested that the CSPs, Georgia, and the contract team work to see if there are some commonalities amongst the volunteer retailers that could be defined in the contract.

Mr. Peterson said the other issue was about the length of the contract term. He said that the Certification Committee and the CSP’s requested that the contract be for a longer term. He said that the contract team recommends a 3 year term. He said there was discussion of having a shorter term for new CSPs. Mr. Peterson also said he received several requests to change the contract effective date from July 1 to January 1. Mr. Eric Wayne said there were a number of issues yet to be worked out with the CSP’s making it unlikely that the contract could be completed by July 1. He suggested an extension of the existing contract for some period. Mr. Mike Eschelbach said he was in favor of not giving a 3 year contract to a new CSP. Mr. David Campbell said it would be easier if everyone had a 3 year contract. He said he wasn’t sure how that would be accomplished when the new CSP certification process no longer matched the CSP contract process. Senator Dwight Cook said there are some serious issues and we need to do it right by July 1. Mr. Eric Wayne said it was more reasonable to have an October 1 start date.
President Brubaker suggested a 6 month extension, but to try to get it done by October 1. Mr. Charles Collins suggested an extension of just 30 to 60 days. President Brubaker said we will aim for July 1 and have the Governing Board call as suggested and suggest Executive Committee input for the working group. Senator Cook said he wanted to be very sure we did not get to July 2 without a contract.

- **Implementation of Federal Legislation**

Mr. Scott Peterson said the Washington Department of Revenue creates a plan in the last 6-months to ensure they had the proper education and resources in place for Federal legislation. Mr. Peterson said each state should look at this because when Federal Legislation happens you need have something in place before the phone starts to ring. President Brubaker said is hoping in the next month to get a bigger group of states involved. He said the states should be comfortable knowing that every state is giving the same answers. Mr. Bruce Johnson said he thinks it is a 50-state problem and we would be remiss to not bring all the states into the discussion. Mr. Eric Wayne suggested developing generic questions and answers that could be on each state’s website and that could be found in a Google search.

- **State and Local Advisory Council (SLAC) Report**

Ms. Christie Comanita reported that SLAC had forwarded several issues to the Governing Board, for final consideration. She said they have 3 topic workgroups.

  - **Discussion of Credits for taxes**

Mr. Craig Johnson reported that the workgroup he co-chairs with Ms. Kathy Neggers would continue to meet every two weeks. He said their goal is to have an amendment ready by the September, 2012, Governing Board meeting in Utah. He said the workgroup has been able to identify issues where the states and business have reached an agreement on a position. He said the task was complicated by not having all states involved in the solution. He said there will be issues with credits given or not given by other states. He said there were still issues where a consensus position has not been reached either between states and business or among the states themselves. Mr. Craig Johnson indicated a rule may need to be adopted in sections to allow for continued work on issues where an agreement has yet to be reached.

  - **Discussion of Sourcing of Digital Goods**

Mr. Tim Jennrich reported that the digital sourcing workgroup has identified five issues related to the sourcing of specified digital products and two alternatives for several of the issues. Mr. Jennrich said the rule will cover a minority of the sales as a majority of the sales are sourced to the address of the purchaser obtained from the payment document.

- **Proposed Rules for Discussion and Possible Action**
**Deal of the day Vouchers-RP12006**

Ms. Sherry Hathaway said the Governing Board assigned to SLAC the question of how the definition of sales price applied to what are known as “deal of the day vouchers.” Ms. Hathaway reported that two opposing positions developed.

Ms. Hathaway said RP12006 interprets the definition of sales price by defining a voucher and providing examples of how the sales price of the voucher is the amount paid by the purchaser and not the face value. She said the rule defines a voucher as an instrument:

1. sold to a purchaser for an amount that is less than the face value and both the face value and amount paid by the purchaser are noted on the voucher;
2. redeemable for personal property or services;
3. redeemable either for a specific product or for a certain dollar amount towards the purchase price of any product sold by the seller; and
4. sold, marketed, or distributed by a third party pursuant to a specific agreement with the seller, and the seller determines the price at which the voucher is to be sold and allows redemption of the specific voucher for personal property or services (“third party agreement”).

Ms. Hathaway said this rule would require states to tax the difference between what the purchaser paid and the amount the seller allows when redeeming the voucher as a retailer discount. She said if there is a reimbursement by a third party then it would not meet the rule and would be taxed at the stated value.

Ms. Ellen Thompson explained that RP12004A01 would provide a state the option of deciding that the sales price is the amount paid by the purchaser as outlined in RP12006 or the face value stated on the voucher. She said the state’s law would dictate the option chosen and it would be put on the Taxability Matrix. She said this lets states define the voucher as consideration. She said the difference between the amount paid by the purchaser and the face value may be a barter transaction. She said the seller may be getting something in return, such as advertising services. Ms. Thompson agreed that the specific fact pattern in RP12006 was narrow, but that it didn’t address any other way companies are structuring their deals. She said their research showed there were many different fact patterns in a relatively new industry that has evolved the last few years. She said when Nebraska issued its written guidance on these they didn’t see enough difference between vouchers and gift certificates to tax them differently.

Senator Deb Peters said from her accounting experience a person should pay tax on what they actually pay. She said she felt that some states wanted to make this look more complicated that it actually is. She said if there a barter transaction then there should be a definition of barter and a process for placing a value the transaction.

In response to a question from President Brubaker Ms. Hathaway explained that in both rules the fact scenario is there is cash received from the purchaser when a voucher is sold for less
than the stated value. She said that in all cases the voucher is redeemable for property or services and are always sold by a third party. She said that if there was an actual barter where a seller gets advertising services in exchange for allowing customers to redeem a voucher Tennessee would look at the part of the definition relating to cost or expenses of the seller which are not deductible.

Ms. Diane Hardt said Wisconsin supported the first version and reminded states that it was important that states be uniform. She said that if there are going to be toggles they should be in the SSUTA and not in a rule. She said she shared some of Ms. Thompson’s concerns about the different scenarios in the future, but believed a simple amendment would make it very clear what facts are covered in this rule. She said there can be later discussion on other fact patterns. She felt it’s important to make a decision here today because the discussion has been going on for a year or two and sellers need to know where Streamlined stands on this issue.

In response to a question from Mr. Dobson, President Brubaker said we should expect SLAC to continue monitoring this rapidly expanding market for the need for additional clarification.

Ms. Hathaway said when she drafted the proposal she used as her resource Streamline’s buy down issue paper written but not adopted in 2005 that explained third party reimbursement. Ms. Thompson said that in many other areas there toggles, and in some cases they exist just for one state. She called on the body to give careful thought in an area that was rapidly changing so that in 6 months we don’t have to change our mind. She reminded the body of other undefined terms in the sales price definition.

Mr. Richard Cram said Kansas agreed with Ms. Thompson’s approach. He asked whether business wanted uniformity or certainty.

Mr. Jerry Johnson said this would be a different way of using a toggle than in the rest of the SSUTA. He said toggles are used to help define what is or isn’t taxable. Their purpose was to not change a state’s tax policy. He said he does not think they should be allowed in a definition that is in essence the definition of a sales tax. He said it was important to move forward today on what is known.

Mr. Eric Wayne said North Carolina supported the Tennessee amendment even though he would like to change some of the language. He expressed his concern with the amount of time it takes issues when they come before the Governing Board. He said this issue was not that complicated and yet is taking forever.

Mr. Jack Mansun said Minnesota supports the Tennessee approach and that it was important to move forward on this issue to give guidance to the retailers and consumers. He said he didn’t understand how the Nebraska approach helped retailers with all the different options.

Ms. Thompson said she felt that states are struggling with what is the taxed value. She said they see documents that do not state the amount paid by the purchaser. She said their
Mr. Bruce Johnson said there are often a number of questions that arise about certain ways to tax transactions. He said Streamline started with the idea that there would be a minimal number of simplifications, and we never had the idea that we would create one sales tax for all the different states. He said the definition of sales price is a pretty basic thing that needs to be clear. He said he is intrigued with the idea, in appropriate circumstances, of having a best practice be a recommendation and not a compliance issue. He said he questioned whether there needed to be a definition for every term. He said for example a while back there was an issue about an exemption for American flags and said he really didn’t think there needed to be a uniform definition of an American flag. He said we don’t want to create barriers to states entry. He said he doesn’t know if this is the right place to apply that type of thinking but it’s something we need to deal with in the future.

Ms. Pat Calore said she thinks what Nebraska is really saying is that they want to have the freedom to decide when a taxable transaction begins and ends. She said that isn’t what we are talking about that. She questioned whether it was advisable to start and stop a transaction. She said that in some of the survey responses it seemed that some people thought the voucher company that was selling the product. She said SLAC didn’t have a conversation about the ability of a state to just start and stop a transaction and apply two separate sales prices analysis.

Senator Dwight Cook said the first thing he would like to clarify is what the problem is. He asked if we are trying to solve the same problem or is there a disagreement on what the problem is. Ms. Hathaway said she believes the problem is that some states do not want to recognize that there could be a seller discount. In response to question from Senator Cook on why that is a problem Ms. Hathaway said it is a problem because the sales prices definition says a seller doesn’t own sales tax on the reduced price of a product or service unless he or she receives additional payment from a third party like a manufacturer. She said this is a different kind of in-store coupon, and just because the seller gets the money for the sale from somewhere else doesn’t mean it isn’t a discount. Senator Cook said that it means that some states are not recognizing an in-store seller’s coupon. Ms. Hardt said that some vouchers are not exactly like a manufacturer’s coupon because some vouchers do not list the amount paid by the purchaser. In response to a question from Senator Cook on why Streamlined needed to be involved, Ms. Hathaway said this started as an interpretation request of a definition in the SSUTA.

Delegate John Doyle said that if Senator Cook paid $50 for a coupon that gives him a $100 meal at a restaurant he has paid $50 and should pay tax on $50. Mr. Bruce Johnson said the SSUTA says “sales price may not include discounts including cash, term, or coupons ... that are allowed by a seller and taken by a purchaser on a sale.” He said the SSUTA thinks the seller is charging you $100 with a $50 discount. He said under the Nebraska approach the seller is charging $100
and the consideration is the $50 you paid and the $50 voucher, which represents something else.

Mr. Steve Kranz said the Business Advisory Council (BAC) supports the Tennessee proposal. He said they feel there is an urgent need to answer these questions. He said businesses are trying to comply with the law, and are receiving different answers from Streamline states. He said consumers should be upset about paying tax on the promotional value and not on what they actually paid.

Ms. Susan Haffield said it is important to remember that the tax is applied when the purchaser redeems the voucher. She said the Nebraska proposal would require the purchaser to pay tax on one-hundred percent of the stated value when the purchaser would not have bought the voucher if they thought they were going to pay that stated amount for the product or service.

Mr. Steve DelBianco of NetChoice said he agreed with Ms. Haffield and Mr. Kranz and emphasized the importance of adopting the Tennessee approach today. He said more businesses are selling their products by coupons every day. He said coupons are regularly using in interstate commerce. He said his members expect to see a toggle on taxability, but not in definitions. He said that when a consumer buys a rug at a department store they expect tax on what they paid and it shouldn’t make any difference whether the discount is offered in the store or in advance.

Mr. Richard Prem of Amazon said he supported the Tennessee proposal. He said it is rational, makes sense and is easy to administer. He also said it will be easy for the states to audit. He said that it was important to follow the cash. He said that when you pay $50 and get a $75 rug you only paid $50. He said that if a purchaser changes their mind and returns the rug they retailer is only going to return the amount of cash the purchaser paid. He said that if a business goes bankrupt before the coupon is used, the cash portion is guaranteed by the voucher company. He cautioned the body about reports going to Congress that states are trying to tax more than what the purchaser pays.

Senator Luke Kenley said some might say the Tennessee proposal will drive the sales tax down to almost nothing, but that isn’t likely to occur. He said the Governing Board should approve the proposal and he moved the adoption of the Tennessee amendment.

Ms. Hardt moved that the rule be amended to clarify that it is just this one particular fact pattern. Ms. Hardt’s amendment was approved on a voice vote. Senator Cook moved that the amendment require a second vote at a future Governing Board meeting. That motion was approved on a voice vote.

Senator Kenley said the proposal addresses the purpose from the perspective of the seller who is reducing the price to make a sale. He said this has the ancillary affect of giving the business community confidence that we are dealing with these things. Senator Cook said if this passes he hopes the interest groups continue to find improvements before the time of the second
vote. He said he wasn’t yet sure this is the solution to a long term issue because business will continue to come up with more methods.

Mr. Tom Gillaspie said he does not believe the proposal is ready to be vote on. He said he doesn’t believe Congress will consider an issue like this when considering legislation. He said that under the Nebraska proposal the seller doesn’t have to respond to every new method.

Senator Kenley said this is a balancing act, such as destination sourcing. He said they have to weigh where you want to allow toggles and require uniformity. He said that each time a deviation is allowed it becomes a burden.

Mr. Dan Noble said that if this is a narrow interpretation how would it apply if there were awards points used in the transaction. Ms. Hathaway said if a third party pays part of the consideration that is in addition to what was paid by the purchaser it falls outside of the rule. She said that if there is a reimbursement by a third party the sales price is the stated value of the voucher and it isn’t a discount. She said the Governing Board should go back and work on the 2005 buy down issue paper because it covers all kinds of different discounts. Mr. Kranz said if the purchaser pays $50 for a $100 and uses $30 in cash and $20 in rewards points, the purchaser paid $50 and that should be what is subject to tax. Ms. Hathaway said she is would look at it like the $20 came from a third party. Mr. Bruce Johnson said we should address rewards points in the future. He said it was clear to him that the Tennessee proposal doesn’t address reward points.

Mr. Brian Kuntz said Best Buy sells through many platforms. He said one of their biggest problems is the differences in the definition of sales price. He said they pass the tax on to their customers and need instructions so they don’t to collect too much tax. He said there are class action law suits on what tax is charged on vouchers. He urged the Governing Board to take action at this meeting.

Senator Kenley called the question which was approved by voice vote. Senator Kenley’s motion to adopt the Tennessee proposal failed with Arkansas, Indiana, Kentucky, Michigan, Minnesota, Nevada, North Carolina, Oklahoma, South Dakota, Vermont, Washington, West Virginia, Wisconsin, and Wyoming voting yes and Georgia, Iowa, Kansas, Nebraska, New Jersey, North Dakota and Rhode Island voting no.

Senator Tom Hansen moved that the proposal be referred back to SLAC. That motion was approved on a voice vote.

- **CSP Certification Process RP12001 and RP12002**

Mr. Gary Centlivre explained that these two rules change the certified service provider (CSP) certification process to prepare for the adoption of Federal legislation. He said the rules would change the certification process so that it operates all the time instead of just once every two years. He said the actual certification procedures would remain the same. Mr. Peterson said
one of the issues is that the certification cycle matched the CSP contract cycle and at some point there will be a new CSP that has a contract that is of different length than the existing CSPs. President Brubaker said this process must be in place before Federal Legislation passes. Mr. Centlivre moved adoption of the two rules. That motion was approved unanimously on a roll call vote.

- **CSP Report RP12003**

Mr. Centlivre said this rule makes changes to the report format CSPs submit their data to states. Mr. Charles Collins said, the changes are minor and the CSPs agreed to the changes. Mr. Bruce Christensen said these changes improve the Audit Core Team’s ability conduct contract compliance audits CSPs. Mr. Centlivre moved adoption of the rule. That motion was approved unanimously on a roll call vote.

- **Audit Committee**
  - **Single Audit Paper**

Mr. Bruce Christensen said the Audit Committee developed a paper on the variety of ways to conduct a single audit. He said that the Main Street Fairness Act included a requirement for a single audit. He said the paper outlines three approaches to a single audit: (1) a team audit similar to how they audit the CSPs; (2) outsourcing to a third party like the Multistate Tax Commission; or (3) having the home state conduct the audit for all states. He surveyed the state and they preferred the team audit concept. He said the Governing Board needed to direct them which approach to provide additional detail. In response to a question from Mr. Jerry Johnson about the business community’s perspective, Mr. Fred Nicely said they appreciated Mr. Christensen’s hard work and said they would attend Audit Committee meetings to provide their input.

Mr. Christensen also said the Audit Committee needed the Streamline states to develop and implement a better confidentiality agreement. He said it was necessary for the Audit Core Team and for a joint audit.

- **Essential clothing-AM12001**

Delegate Doyle said the essential clothing amendment was adopted when he was President of the Governing Board. He said it was a difficult decision, but the way it was adopted the states that had or previously had a clothing threshold were the only states that could ever have a threshold. He said it was a bad decision because it created a situation where a state next to states with a clothing threshold is prohibited from having a threshold. He said this creates a competitiveness issue that is unfair to Rhode Island.

Mr. Patrick Reynolds from JC Penney said only two states that have a clothing threshold. He reminded the body that this provision was added only to get Massachuests join and they didn’t.
He said that the original goal was to get more members but this proposal lets any state have a clothing threshold. He said because of that this topic needs more work, such as definitions and local jurisdiction.

Mr. Kranz said the BAC opposed the amendment as written. He said Mr. Frank Julian and Mr. Warren Townsend are not at this meeting and they expressed concern when the original was adopted. He asked that the issue be deferred until they could be present.

Mr. Peter McVay clarified that Rhode Island never had a clothing threshold. He said they are surrounded by states with it and his Legislature is considering it.

Mr. Eric Wayne said by virtue of membership states have to make changes. Senator Cook said of all the votes he has cast his vote on the original is the only vote he regrets. He said he supported only because some in the BAC supported it.

Ms. Deborah Bierbaum said most of the retailers are not at the meeting. She said there should be a group created to work on parameters so not every state has different rules.

Delegate Doyle moved that the proposal be amended by limiting only to those states that border a state with a threshold. He believes this could only be Rhode Island and Vermont. Mr. Mark Nebergall said the BAC would prefer that if you going to open this up that you do something similar to what was done for sales tax holidays. He said the Governing Board created rules to make sure there was uniformity. Delegate Doyle said he didn’t see this as opening this to other states as much as it is granting fairness to existing member states. Delegate Doyle’s amendment was approved on a voice vote. Delegate Doyle moved the amendment as amended. That motion failed on a roll call vote with Georgia, Iowa, Kansas, Kentucky, Nebraska, Nevada, New Jersey, Rhode Island, Vermont, Washington and West Virginia voting yes and Arkansas, Indiana, Michigan, Minnesota, North Carolina, North Dakota, Oklahoma, South Dakota, Wisconsin, and Wyoming voting no.

Mr. Jerry Johnson moved that the issue be referred to SLAC with instruction to come back with uniform rules. That motion was approved on a voice vote. Delegate Doyle moved that when they bring it back that the term “essential” be replaced with the word “basic.”

- Origin Sourcing-AM12002

Senator Kenley explained that time had come to accept that origin sourcing was always going to exist. He said that goal of waiting for more origin sourcing states to become members wasn’t working and for too a long two states have remained associates only because of origin sourcing.

Mr. Bruce Johnson said Utah supports the amendment. He said the state continues to search for a solution that would be simpler for sellers. He said they were unable to convince Utah business that it was simpler to switch to destination sourcing.
Mr. Kranz said the BAC voted to oppose this amendment. Mr. Roger Geiger said he was one of those in the minority on the BAC. He said this was a big issue for many of the NFIB’s local chapters. He said the NFIB feels strongly that the Governing Board has already made a decision on origin sourcing and accepting that decision was the logical next move.

Ms. Joan Wagnon said that none of the federal bills require destination for all sales. She said this comes up in the Congressional offices of origin sourcing states. She said they are relieved when told that isn’t a change their state would have to make.

Mr. Christopher Rants commented that he too is asked this when he is going around the country trying to convince states to join Streamline. He said it helps that he can tell them they don’t have to worry about this issue. Mr. Noble said the politics of origin sourcing clear that it will have to be allowed.

Mr. Bruce Johnson said it was painful to listen to all the origin sourcing arguments. He said their plan to move to destination fell apart very painfully at the end. He said that some states seem to make the change, but Senator Amstutz and Representative Gibbs of OH learned they could not make it work. He said it might seem selfish but he supported this change for Utah and Ohio.

Senator Kenley moved adoption of AM12002. That motion was approved with 19 states voting yes, South Dakota voting no and Arkansas abstaining.

Mr. Peterson explained that before Utah or Ohio could be admitted as a full member they would have to submit a petition for membership along with an updated certificate of compliance and taxability matrix. He said the Compliance Review and Interpretations Committee would conduct a normal review to determine if they are in compliance. Senator Cook asked how soon this could be completed. Mr. Peterson said the timing would be up to the state. Senator Cook said our target should be to have this done as soon as we can. Mr. Peterson said the soonest a state could become a full member was October 1, and then only if they were found in compliance.

- **Legislative Travel Rule- RP12006**

President Brubaker said he sponsored this change to make it easier for legislators who wanted to Governing Board meetings. President Brubaker said under this rule a legislator would pick the meeting they would like to attend. Mr. Peterson said the budget includes money for a Legislator from each state to attend one meeting. President Brubaker moved the adoption of the rule. That motion was approved on a roll call vote with twenty-one states voting yes, Nebraska voting no, and Vermont and Ohio absent.

- **Local Government Advisory Council – AM 12003**
President Brubaker said he and others sponsored this amendment to at the request of local government to increase the visibility of local governments in the organizations. Mr. Michael Bailey thanked the sponsors for the proposed amendment. He said the change in the local participation in SLAC encouraged local governments to create their own entity. He said many of the issues before SLAC didn’t directly affect local governments. He said they felt it would be better if they formed their own entity to concentrate on issues impacting local governments.

Senator Kenley moved adoption of the amendment. That motion was approved on roll call vote with 20 states voting yes and Vermont absent.

- **Local Government Advisory Council rules-RP12007 and BL12001**

Mr. Peterson explained that RP12007 and BL12001 put into effect the SSUTA amendment just adopted. He said it describes how to communicate with the Governing Board, how to communicate with SLAC, and how they hold their meetings. Senator Cook said it was odd to have language that says what their purpose wasn’t. Mr. Bailey said he had no concerns about the scope. Mr. Bailey said they could accept a change to delete the redundant portion of the sentence the rule. Senator Cook moved adoption of the rule as amended and the bylaw. That motion was approved on a roll call vote with twenty-two states voting yes with Vermont and Ohio absent.

- **Old Business**
  - None

- **New Business**
  - Discussion of the effect of the Colorado court decision on state reporting requirements.

Mr. Peterson said he wanted everyone to be aware the Colorado decision on reporting requirement and the Illinois decision on affiliate nexus when preparing for their next legislative session.

He said the Governing Board would meet by teleconference in June to address a clarification to the 30-day notice requirement, the CSP contract, and a report on Ohio and Utah petitions to become full members.

- Fall Meeting Discussion

President Brubaker reported that the Annual Governing Board meeting would be held at The Little America Hotel, Salt Lake City, Utah, September, 18-20, 2012.

- Recognition
President Brubaker stated that Senator Tom Hansen has been a loyal member of the Governing Board for 6-years. He thanked Senator Hansen for his advice, steadiness and common sense.

President Brubaker expressed his appreciation to 2011 Past President Senator Luke Kenley. He recognized Senator Kenley for all his work to further the cause of the Main Street Fairness Act (MFA). He stated that Senator Kenley is the primary reason that the Governing Board has made the progress that has been made. President Brubaker presented a resolution plaque, recognizing Senator Kenley for his contributions, adopted by the Governing Board on December 31, 2011.

- **Adjournment**

President Brubaker adjourned the meeting at 11:28 AM.