

# **Governing Board Meeting Minutes**

## *Providence, Rhode Island*

**Tuesday, May 3, 2016 - 1:00 pm – 5:00 pm eastern**

- **Welcome and Roll Call of Member States**

President Richard Dobson called the meeting to order at 1:03 pm eastern. The roll of the states was called and 22 states were participating. Absent were New Jersey and Tennessee. The quorum was established with 22 of 23 full member states in participation.

- **Opening Remarks**

Representative Brian Kennedy (RI) welcomed the attendees to Providence and introduced Governor Gina Raimondo who provided the opening remarks. A Rhode Island tourism video provided by the Providence CVB was shown to the attendees.

- **Approval of December 18, 2015 Governing Board Meeting Minutes ([MM15004](#))**

President Dobson asked if there were recommended changes to the minutes and there were none. John Doyle motioned the approval of the December 18, 2015 Governing Board Meeting minutes. The roll of the states was called and the minutes were approved with 21 yes votes, 0 no and 3 absent.

- **Status of Federal eFairness Legislation – Randi Reid, Federal Lobbyist**

- Senate – Marketplace Fairness Act (MFA) ([MC15006](#))

Randi Reid reported on federal e-fairness legislation, commonly known as the Marketplace Fairness Act. It continues to be considered as an important policy issue to be addressed this year. Because 2016 is the Presidential election year, the Congressional priorities in the short-term are focused on macro policies affecting the country. Priorities that are the focus for this year include, but are not limited to the Aviation Reauthorization bill, Defense Authorization bill, Annual Appropriations, and additional tax extenders. Whereas e-fairness federal legislation remains a Tier I policy issue for all of us, it is viewed as a Tier II or Tier III issue by Congressional leaders due to the competing policy interests of the day. Fortunately, we have strong House and Senate champions of e-fairness that remain committed and focused on finding a solution this year. These sponsors as well as many others agree that this issue needs to be addressed.

Randi Reid said in the House and Senate activities, since the Governing Board last met in person in Kentucky last September, the policy issue continues to evolve and our supporters are working towards final passage.

- **House Update** Remote Transactions Parity Act (RTPA) ([MC15012](#)) and House Judiciary Staff Proposal–Origin Base and Destination Rate ([MC16001](#))

Last year, House Judiciary Committee Chairman Bob Goodlatte released a draft bill called the Online Sales Simplification Act (OSSA). It outlined his desire for an origin sourcing model and the use of a central clearing house. The bill has not been officially

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introduced to date. It remains a discussion draft and Chairman Goodlatte continues to meet with some external stakeholders to determine if there is a path forward with his bill. Earlier this year, Chairman Goodlatte modified his discussion draft bill to include a destination rate and an origin tax base. Even though the Chairman and his staff have not reached out to the Governing Board for input on the various proposals, the Governing Board continues to request meetings to discuss with Chairman Goodlatte's staff, the SSTGB's concerns and inability to support an origin sourcing bill. Most recently, in April Senator Deb Peters, President Dobson and Craig Johnson met with the Chairman's staff in DC to discuss the Chairman's latest proposal and how it is anticipated to work between states, businesses and consumers.

Congressman Jason Chaffetz and Congressman Steve Womack introduced H.R. 2775, the Remote Transaction Parity Act (RTPA) on June 15, 2015. The bill currently has 65 bipartisan cosponsors. The bill pursues a destination sourcing model for remote sales tax collection. Ms. Reid said she would like to state very clearly here today that the bill is not identical to the Senate's Marketplace Fairness Act. This continues to be a point of concern by some policymakers and stakeholders. The House bill addresses several issues of concern raised after the Senate passage of the Marketplace Fairness Act in May 2013.

Small business exemption - A phased-out small seller exemption over three years. The first year is gross annual receipts under \$10 million, the second year is gross annual receipts under \$5 million and the third year is \$1 million. After the third year, the exemption will be zero. Sales made via an online marketplace are not exempted.

Audit procedures - Audits are conducted through the certified service provider (CSP). Eliminates state audits for remote sellers under \$5 million in gross annual receipts unless intentional misrepresentation or fraud.

Software costs and integration - Allows remote seller to select its own software, with the cost paid for by the state. States' payment of set-up, installation, and maintenance costs are included. Software must work in all states qualified under the Act.

Liability - Ensures the certified software provider, not the remote seller, is held liable for all regulation and compliance burdens unless there is reasonable suspicion that the remote seller has engaged in intentional misrepresentation.

The Governing Board remains very supportive of Congressman Chaffetz's efforts and continues to provide technical guidance and input based on the experience and knowledge it has gained over the last 15+ years in developing the Streamlined Sales and Use Tax Agreement. For example, the Governing Board and the National Conference of State Legislatures (NCSL) partnered in December last year to educate House Congressional members, specifically House leadership, about the bill and strongly encouraged passage via the Omnibus Appropriations process. Also, the Governing Board representatives - Senator Wayne Harper, Senator Deb Peters, President Richard Dobson, and Craig Johnson participated in 28 House meetings in

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April to educate House Congressional members about e-fairness and strongly encouraged final passage of e-fairness legislation this year. These meetings were critical in bringing on additional cosponsors and assisting Congressman Chaffetz and Congressman Womack with their personal outreach and education of their Congressional colleagues.

The Governing Board remains committed to supporting the Remote Transactions Parity Act (RTPA) and is working towards the goal of getting a destination-based approach enacted into law as soon as possible. The Governing Board will continue to work with Congressman Chaffetz and Chairman Goodlatte to find a solution that is fair to all parties involved – sellers, purchasers and the states.

- **Senate Update**

Since the overwhelming passage of the Marketplace Fairness Act (MFA) of 2013 in the Senate in May 2013, the Senate sponsors have been working with all stakeholders to enact the bill into law. On March 10, 2015, Senators Michael B. Enzi (R-WY) and Dick Durbin (D-IL) introduced S. 698, the Marketplace Fairness Act (MFA) of 2015. The legislation is identical to the Senate-passed bill from 2013, with the addition of the Collins/King amendment, which delays the date that states can exercise the authority of the Act and exempts the first holiday shopping season after enactment.

Throughout 2015, the Governing Board worked with our Senate champions to educate new members of the Senate. Although the primary focus for most of last year was undoubtedly in the House, the last six weeks of the 2015 session was focused on both the House and the Senate with a potential of including e-fairness in an end-of-the-year legislative package. House and Senate supporters of e-fairness policy concepts worked together throughout this fall to find a solution. The focus was on ensuring that the Internet Tax Freedom Act (ITFA) or any other e-commerce or online tax-related bills did not gain traction or consideration without the coupling of a federal e-fairness bill.

Throughout October and November last year, the House and Senate sponsor staffs worked on a bipartisan, bicameral e-fairness compromise bill. The focus by the House and Senate sponsors was to include the bipartisan, bicameral e-fairness bill in the end-of-the-year package, such as the Omnibus Appropriations bill. The SSTGB leaders immediately jumped into action, advocating and solidifying direct engagement between state and local leaders and Congressional leaders to discuss the importance of e-fairness and why it needed to be passed in 2015. Although e-fairness was a part of the end-of-the-year discussion between Congressional leaders, the compromise bill faced opposition by many vocal members and Senators, causing the House and Senate leadership to not include the e-fairness compromise in the Omnibus Appropriations bill. E-fairness stakeholders have advocated for some time coupling e-fairness with an ITFA extension. Unfortunately, a coupling with an ITFA extension is no longer a policy option. In December 2015, a permanent ITFA extension was included in the Customs Reauthorization Conference report. Although the Customs Reauthorization report passed the House in December, it was not immediately voted in the Senate. It took many weeks in late 2015 and early this year for the Senate to consider the Conference

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report - it was delayed due to multiple policy concerns, including currency manipulation and e-fairness to name a few.

Our Senate champions and external stakeholders, including the Streamlined Sales Tax Governing Board (SSTGB), worked tirelessly with the Senate leadership and the Senate sponsors to find a path forward on e-fairness. Over two months' time, the Customs Reauthorization Conference report was held in the Senate while interested stakeholders worked towards an agreement on addressing e-fairness during this Congress.

Ultimately, the Customs Reauthorization Conference report was passed by the Senate on February 11, 2016 and signed into law by the President on February 24, 2016. The final report included a permanent extension of the Internet Tax Freedom Act (ITFA). It did not include any e-fairness policy in the final passage, but it's anticipated that the e-fairness policy will possibly be considered by the Senate later this year.

- **Next Steps**

Governing Board representatives will be in Washington in May and continue to focus its outreach and education in the U.S. House of Representatives. The Governing Board remains positioned as a leader during Congressional policy negotiations on how best to proceed this year on e-fairness legislation, but we need your help!

Congressional members and their staffs need to hear directly from you and your state leaders now. Educating them about your state's direct interest is critical - they need to know they have in-district/in-state interests and ultimately, support from you should they agree to support and be active.

- **State and Cosponsors Statistics**

***H.R. 2775, The Remote Transaction Parity Act***  
***Sponsored by Congressman Jason Chaffetz (R-UT)***

As of May 2, 2016, sixty-five (65) members of Congress have cosponsored H.R. 2775. Sixty-seven (67) members of Congress cosponsored the Marketplace Fairness Act (MFA) in 2013-2014.

**Political Party Breakdown of RTPA cosponsorship**

28 cosponsors including bill sponsor are Republicans.  
38 cosponsors are Democrats.

**Remote Transaction Parity Act vs. Marketplace Fairness Act**

- 43 House Congressional representatives cosponsored both bills.
- 16 cosponsors for both bills are Republicans.
- 27 cosponsors for both bills are Democrats.

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22 cosponsors of RTPA are new supporters of the policy concept, meaning they did not cosponsor MFA last Congress. Seven (7) of these cosponsors are new to the Congress. Twenty-five (25) MFA cosponsors have not cosponsored the RTPA to date.

Mrs. Reid asked the attendees to let President Dobson, Craig Johnson or herself know if they have any questions or need assistance in their outreaches.

- Individual State Legislative Activities
  1. South Dakota – Require Remote Sellers to Collect (SB 106)
  2. Colorado – *DMA v. Brohl* status
  3. Other

Max Behlke (NCSL) gave an excellent presentation regarding E-commerce, remote sales, Amazon laws and the DMA decision and what either has previously or is currently taking place in various states. The presentation is available on the SSTGB website under the “Presentations” section of the “Library.”

Senator Peters also provided an update on the status of the remote sales tax collection issue and SB106 in South Dakota.

- **Reports of Committees and Workgroups**
  - **Executive Committee – Richard Dobson (KY), President**

- New Executive Committee Member

President Dobson reported that Senator Ann Rest (MN) was elected as the new Director to the Executive Committee during the May 3 Executive Committee Meeting.

- Discussion of Sanctions

A discussion was held concerning the sanctions for the states that were found out of compliance in 2015. The Executive Committee has met previously and will be meeting again to develop its sanction recommendation to the Governing Board in accordance with Rule 809. The BAC submitted a recommendation regarding levels of sanctions and an automatic progression of the sanction recommended depending on the length of time the state has been out of compliance. Concerns were raised regarding an automatic progression in the severity of the sanctions and the need for flexibility. Gina Dougherty (AR) who led the initial sanctions workgroup indicated that levels of sanctions were considered and rejected during that workgroup meeting. Fred Nicely (BAC) indicated a need for some type of blueprint. Senator Peters (SD) agreed with possibly needing some type of blueprint but was not in favor of an automatic progression. Dan Noble (WY) indicated that we need to be careful about expulsion unless the state makes an overt act to get out. Although this issue will not affect the sanctions recommendation for this year, a workgroup was put together to examine the BAC suggestion. The workgroup is to develop any suggested changes to Rule 809 and report to the Executive Committee and to the Governing Board for consideration at its annual meeting in the fall of 2016 if a recommendation is developed by that time. Those assigned to the workgroup are Richard Dobson (Chair), Senator Cook, John

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Doyle, Gina Dougherty, Russ Brubaker, Amy Oneacre, Senator Harper, Deb Bierbaum, Fred Nicely, Pat Calore and Craig Johnson.

- **Finance Committee – Victoria Daniels (IA), Chair**

- Second and Third Quarter Financial Reports ([FC16001](#) and [FC16002](#))

Chair Victoria Daniels reported on the second and third quarter financials and reported that the Governing Board remains financially stable. The main expenses were related to payroll, the new central registration system and the federal affairs contracts.

- FY-2017 State membership dues and invoices

Craig Johnson reported that the FY-2017 state membership dues invoices were mailed on April 30. He asked the Governing Board Delegates to ensure those invoices are paid by August 31, 2016. If any delegate wants a copy of their dues invoice, please see Craig

- **State and Local Advisory Council – Alison Jares (SD), Chair**

An update was provided regarding SLAC's activities.

- Post Transaction Issues – Disclosed Practices

Chad Paulson (MN) is leading the post transactions workgroup and they are continuing to have meetings to work through the various issues. The hope is that the workgroup will be ready to bring forward some of the disclosed practices related to this issue at the fall meeting.

- Voluntary Disclosure – Disclosed Practices

A SLAC work request was submitted by Scott Peterson (Avalara) relating to voluntary disclosure agreements and the earliest possible date a seller can register in each state without it adversely affecting a voluntary disclosure agreement with the state. Scott explained why the CSPs (and others) needed to know how a VDA will be affected if a seller registers through the Streamlined Central Registration System. Senator Cook moved approval of the SLAC work request. The motion carried on a vote of 22 yes, 0 no and 2 absent.

- Sourcing Digital Products and Remote Access to Prewritten Computer Software – Workgroup

Although sourcing digital products and remote access to prewritten computer software has been discussed on and off for several years, the issues have been put on hold primarily because the federal Digital Goods bill was being worked on in Congress. Streamlined does not want to move forward on this and risk getting sideways with the federal legislation. This issues will remain on hold until a SLAC Work Request is submitted and approved providing direction on this issue.

- Uniform Limited Authorization Form ([SL16003A01](#))

A SLAC work request was submitted by Scott Peterson Avalara), Charles Collins (ADP) and Jerry Johnson (Tax Cloud) submitted a SLAC work request related to a uniform limited authorization form that their clients can sign and have apply to all of the states. This issue started in the Audit Committee but would be referred to SLAC to finalize.

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Senator Cook moved approval of the SLAC work request. The motion carried on a vote of 22 yes, 0 no and 2 absent.

- Caps and Thresholds – Clothing (SSUTA Amendment) ([AM16003](#))

An amendment was brought forward by Rhode Island relating to Caps and Thresholds. The amendment is in response to the compliance issue that had been noted for Rhode Island. Representative Brian Kennedy (RI) explained the proposed amendment and the reasons Rhode Island in particular needs the amendment. Rep. Kennedy explained the issue they run into because of the non-sales tax states and states with a clothing exemption or cap that surround Rhode Island. Gina Dougherty (AR) asked whether the \$110 amount was necessary and where it came from. Craig explained that the \$110 was selected because that was the lowest dollar amount that any state had for a cap or threshold on clothing at this time – including both SSUTA and non-SSUTA states. It was also noted that the larger that amount is, the fewer the retailers are that would be affected by this type of cap. Fred Nicely did point out that toggle and caps and threshold do add complexity. John Doyle motioned approval of AM16003 which passed on a 22 yes to 0 no and 2 absent vote.

- Audit Committee – Ellen Auger (MN), Co-Chair
  - Report from Little Rock Meeting

Ellen Auger reported that the Audit Committee met in Little Rock last March. They discussed numerous issues including using expanded test decks to test the CSPs system and the benefits of doing the expanded test decks, the interim review of the CSP's Appendix F Audit data and the state and contract compliance audits.

The purpose of the expanded test decks is to help reassure the states that the CSP codes that are not included on the online taxability matrix but which the CPS has clients using in the member states are being taxed/exempted properly. Some of the CSPs have a significant number of product category codes that are not included in the online matrix, but which the states have certified and it is important to make sure these codes are right.

The purpose of the interim review of the Appendix F audit data files is to make sure the files submitted are complete, contain all of the necessary data fields and to identify any problems as quickly as possible rather than waiting until the next round of CSP audits start and discovering the issues at that time. Some of the CSPs have commented on how they appreciate this because it helps them identify problems sooner rather than later.

Ellen also reminded everyone that the next round of CSP contract compliance audits and state tax compliance audits is quickly approaching. The Audit Committee and Audit Core Team are continuing to work on the timelines and improvements based on what has been learned during the last round of audits.

- Federal Legislation Implementation Committee – Richard Dobson, Chair
  - Exemptions and Taxable Service Matrices ([F0022](#))

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Chair Dobson discussed the Exemptions and Taxable Service Matrices ([F0022](#)) and encouraged states to complete these to help provide guidance to all retailers.

- **Adjournment**

President Dobson recessed the meeting at 4:55 pm eastern to reconvene at 8:30 am eastern on May 4, 2016.

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**Wednesday, May 4, 2016 - 8:30 am – Noon eastern**

- **Roll Call of Member States**

President Richard Dobson reconvened the Governing Board Meeting at 8:44 am eastern. The roll of the states was called, 21-states were present and 3-absent (NJ, TN and VT).

- **Reports of Committees and Workgroups (continued)**

- Certification Committee – Tim Bennett (KY), Chair
  - Report from March Little Rock meeting

Tim Bennett reported on the Certification Committee meeting held in Little Rock. Tim indicated that the Committee primarily worked on amendments to Sections 318 ([AM16001](#)) and 319 ([AM16002](#)) which have to do with web services and bulk payment requirements as well as the updates to the Technology Implementation Guide. Tim and Craig both recognized Jody Bartels for the excellent work she did in updating the guide. The Committee also is working on developing a uniform format for the CSPs and states to use in certifying CSP codes as well as the use of expanded test decks as mentioned by the Audit Committee.

Mr. Bennett said the official date and location for the next in-person Certification Committee meeting has not been set, but will probably be the last week of August. We are looking at possibly having the meeting in DesMoines in conjunction with the MSATA meeting if that might help more states being able to attend.

- Uniform Tax Returns (SERs) - Webservices Requirement ([AM16001](#))
- Chair Bennett said all states are either using webservices as the standardized transmission process or are working toward that goal. Craig Johnson indicated that Rhode Island is in the process of working towards being able to accept the SERs using webservices and that they are going through a system upgrade. He indicated that he



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had spoken to Neena Savage (RI) about the amendment requiring the use of webservices as the standardized transmission process and the requirement that all of the states comply with the requirement by January 1, 2019. Ms. Savage indicated they were fine with that.

Ellen Thompson asked if this would be an expectation when new members join. Craig Johnson said if this is adopted, this will be required when they join – presuming the January 1, 2019 date has passed. If that date hasn't passed, they will have until January 1, 2019 to comply. President Dobson said we would like to entertain a motion by the Certification Committee to adopt AM16001 requiring the use of webservices as a uniform standardized transmission process. The effective date of this is January 1, 2019 that the states would have to comply. Kentucky made the motion to approve AM16001. The roll of the states was called, 21 voted yes, 2 absent and the motion carried.

President Dobson this issue technically requires two votes, but we can choose to waive the second vote. He indicated he would entertain a motion, if so desired that this vote is the final action taken by the board and to waive the second vote. John Doyle motioned to waive the second vote. The roll was called and the motion passed with 21 yes votes and 2 absent.

- Bulk Payment Requirement Amendment (SSUTA Amendment ([AM16002](#)))

Tim Bennett explained AM16002 which is submitted by Kentucky on behalf of the Certification Committee to adopt a requirement related to the use of bulk payments. Craig Johnson indicated that based on comments provided by one or more of the CSPs, each time a payment of an individual SER is made the CSP incurs a transaction fee. With the taxes being submitted by the volunteer sellers, sometimes the amount of tax being submitted to a particular state is very minimal and the fee can end up being almost as much as the taxes themselves. Bulk payments would permit the CSP to make one payment that covers multiple returns and therefore would reduce the fees that would be required.

David Campbell said FedTax has a lot of small merchants and they submit returns for 100's of customers and whoever initiated the ACH transaction pays for the transaction, so the CSPs are actually paying on both sides. A bulk payment would eliminate that and would only hit the bank account once. Tim Bennett asked if there were any questions.

Richard Dobson asked if any of the states have a problem with this deadline. Amy Oneacre said she sees a lot of potential problems. CSP's file a lot of returns that do not fund those returns. She said currently Georgia cannot do that. Craig Johnson said he is certain this will be part of the CSP contract discussions if states can't take bulk

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payments. Craig reminded everyone that the states and CSPs are working together as a partnership and that this amendment would still give states about 2.5 yrs. to get this completed. Dan Noble asked if the CSP's can test the process. Only two CSPs indicated they were ready to test and several states indicated they were ready to test and with one known exception the states had not been contacted for testing.

Bruce Johnson said he would like everyone to know that this language has always been in the Agreement. It has been contemplated since the very beginning. On the last line of Section 319 there is a trigger that was never triggered, but we always thought the bulk payments would be allowed.

President Dobson said in Kentucky, they anticipate having bulk payments and working with the CSP's to test it. He also thinks that as we move toward Federal implementation states should be testing this process and ideally as early as possible in order to address any issues related to its implementation.

Eric Wayne said NC currently is not doing this and likely doesn't have the necessary resources to get it completed by that date. President Dobson said he empathized with what Eric was saying, however if we don't put it out there as a date states need to comply by, it may never get in the pipeline for the state to get it done.

Ellen Thompson said Nebraska is already able to do this, but she is sensitive to other states where this is an issue for them. She is concerned about putting further restrictions on states with everything that's going on with Federal legislation.

Scott Peterson of Avalara said he appreciates the complexity that this creates for a few states. He said every state that has a federal income tax does this today. You just don't do this for sales tax yet. You have all done this for ADP related to withholding taxes, but you don't do it for us with respect to sales taxes. He said there aren't as many volunteer sellers that they thought there would be. We have a lot of sellers that we file for, one seller at a time. We're paying the ACH fee every time we do it. You will someday have 1000's of volunteer sellers. They are not going to be sending the states individual state checks. They will be using the CSP's. Not supporting this goes against what you're already doing in your own states for payroll providers, plus closes the door on what you would be able to do when the MFA passes.

Amy Oneacre said they consulted with their IT folks last week and she learned that ADP does not submit a bulk payment to Georgia. It isn't one check on behalf of everybody. We know for a fact that Georgia cannot do it and Georgia does not want to create another area that they could be found out-of-compliance.

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Eric Wayne asked about having to offer both ACH credits and ACH debits. He said he believed that ACH credit is where they have the issue. David Campbell said from their perspective, if you don't pull the money and it's there for months and months, that is an issue.

Craig Johnson asked Mr. Campbell, is your answer as long as you can do bulk payments one way or the other, then you're okay with it? David Campbell said absolutely. Mr. Johnson asked if all of the CSP's were in agreement because we all need to be on the same page. Scott Peterson said the Agreement states that states must allow both ACH debit and ACH credits. He said there was nothing that had given him the idea that would be limited. Mr. Johnson said he agrees that Section 319 doesn't differentiate right now, but the question is should we change Section 319 to state states could do it one way or the other with respect to bulk payments, but would not be required to do both. Mr. Peterson said Avalara's answer is that one way is better than none. Russ Brubaker said they hope to do both as soon as they can. Since there does not appear to be consensus on how to move this forward amongst the states or the CSPs, President Dobson said we will table this motion for further discussion and clarification.

Tim Bennett said if we are not going to adopt this, then we would need to revise that piece in the Implementation Guide to approve today.

President Dobson said we will go ahead and consider the Implementation Guide. We won't strike that language completely and any state that wanted to go ahead and do this still could. Eric Wayne said as long as there is no deadline for the states to implement bulk payments, he would be OK with it. Craig Johnson suggested that the states continue to work toward accepting bulk payments with the understanding that this will likely come up again and states can use this discussion as part of the reason to justify the resources needed to implement this process. Dan Noble asked if there were any states currently accepting bulk payments. A couple states, including South Dakota indicated they could or were at least ready to test with the CSPs. Craig asked if there were any CSP's today that are ready to test tomorrow. Scott Peterson said Avalara is ready to test and Matt Walsh from SOVOS thought they were also ready to test. Minnesota, South Dakota and Wyoming all indicated they were ready to test. Those states and the CSPs were asked to reach out to each other to begin the testing process. Russ Brubaker said to go ahead and notify FedTax too because it will not be very long before they're ready to test.

Eric Wayne said he wanted to make sure there are no misconceptions and that not all states are ready to test bulk payments. President Dobson said Kentucky is going to continue their project and there's no reason not to move forward.

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With respect to the Technology Implementation Guide on page 20 (page 104 of the publication), there is a reference that says states must be able to accept bulk payments by January 1, 2019. We're going to strike any reference in this guide that puts a specific mandate or deadline on the states for this issue. We will continue this discussion regarding ACH debit and ACH credit. We can also revisit this at the next meeting to see where the states and CSPs are at that point. President Dobson entertained a motion to strike that date from page 20 of the Technology Implementation Guide. Amy Oneacre motioned to strike on page 20 the reference of bulk payments with the January 1, 2019 deadline and to remove that from the Technology Implementation Guide along with any other places in the guide that may not be known at this time. The roll was called with 21-yes votes, Indiana, Vermont, and Tennessee were absent and the motion passed.

Tim Bennett said the main purpose of changing the Implementation Guide was to update the schema's that went along with the new registration system. We have added some things as far as the fields go. He pointed out that all states need to make sure they are familiar with the rules and procedures and the schemas. He discussed various other change to the marked up document [TG16002](#), as posted on the SSTGB website and specifically pointed out that on page 56, chapter 15 they have added all the schema's into the Implementation Guide, on page 87, chapter 16, definitions were added for everything in the schema and registration system. He asked if there were questions or comments.

President Dobson made it clear that there are no additional mandates or requirements being imposed upon member states solely because of adopting this guide. Tim indicated agreement with that. Craig said all of the member states confirmed previously through their Certification Committee members that they are good with these changes. Pat Calore said she wanted to have a comfort level on that if there is a conflict between the SSUTA and the Implementation Guide that the SSUTA controls. She also suggested that a statement be added to indicate that the Implementation Guide is not intended to impose any additional requirements on the states or the CSPs.

Tim Bennett said we already have an Implementation Guide in place, but it is outdated because of the new central registration system. This guide will help ensure that 2-years from now we will have something in writing that states here is what we told the vendors they are supposed to do. Craig said during these discussions, all the CSP's had an opportunity to provide comments and suggestions and that with respect to the schemas, these are the things that have already been agreed to and are already implemented. Craig also indicated that this was discussed in Little Rock by the Certification Committee. Michigan did agree, along with all of the other states that this information was acceptable. Pat said she was just trying to confirm that this document will not be the basis for non-compliance with the states. She said she has no problem with the

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concept of doing this. President Dobson said the SSUTA does control and he understood the technical point that Pat Calore made. He doesn't see why anyone would pull something out of the Technology Guide as a reason for non-compliance. We are just considering Amendments to this Guide now.

Craig Johnson said he believed the path she's going down is that she wants the discussion that the Certification Committee had to be had at the Governing Board level. He said the Governing Board delegated this authority to the Certification Committee and some of the Audit Committee.

Craig read the language relating to if there is a conflict between the by-laws and the Agreement, the Agreement controls and if there is a conflict between a rule to the Agreement and the by-laws that the rule controls.

Craig said if we don't get this Implementation Guide approved in some form, we have to go back to the old Guide, which is outdated and contains incorrect information. He asked Pat Calore if the following statement would address her concerns "If there is a conflict between this guide and the SSUTA, the SSUTA controls. This guide is not intended to impose any additional requirements on the states or CSPs." Pat indicated she was good with adding that statement.

Scott Peterson said the same conversation occurred 7-years ago. This document is part of the SSUTA and these decisions were made before and these are part of the rules.

President Dobson said with the additional language up on the screen, we would like to entertain a motion to amend this further. Senator Dwight Cook motioned to further amend the Implementation Guide with this additional 2-sentence paragraph in the document purpose for further clarification. The roll of the states was called, 21 voted yes and the motion carried. Absent was New Jersey, Vermont and Tennessee.

President Dobson said we now need to entertain a motion to adopt TG16002, the Technology Implementation Guide as amended with further understanding that the minutes would show that this Guide imposes no new standards or requirements upon the member states or CSPs. He asked if there was further discussion and there was none. The roll of the states was called, 21 yes, 3 absent and the motion passed.

Tim Bennett then discussed MC16002 which was a proposed uniform format that the CSPs would use when requesting additional product category codes be certified by the states. Tim indicated we would use this format as a starting point when we meet in August and we will decide where we're going to go from there. Craig Johnson thanked

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Tim Bennett for all his efforts with the Certification Committee and for attending this meeting.

Russ Brubaker said FedTax appreciates the Audit, Certification, SLAC and Core Team for how much they have worked on to move in the direction of a modern sales tax system and all the Chairs should be commended on that. Although the CSP's certainly found the bulk payment discussion disappointing, he said FedTax will do everything they can to help Amy Oneacre (GA) make a compelling case for Georgia to get this done.

Craig Johnson referenced document numbers SL16016 and SL16017 on pages 299 to 347 of the publication. He said the Certificate of Compliance was discussed yesterday at the SLAC meeting to see if there were additional changes and there were none. All of the changes were discussed. He said some states were not aware that some of the appendices to the rules had been developed in 2006, 2007, 2008, and 2009 classifying various products. On page 314, related to section 328 there are 3-sections that the Committee suggested to be stricken from the Certificate of Compliance since they are already covered now on the Online Taxability Matrix under the disclosed practices. Craig indicated that he thinks the Certificate of Compliance should be a document to identify issues that if the state doesn't follow, they may end up being a compliance issue. There were no other suggested changes in SLAC to the Certificate of Compliance or Taxability Matrix. Craig Johnson encouraged the attendees to get any future suggested changes to himself, Jody Bartels or Pam Cook so they can make sure to keep them on the radar when the next update is done.

Craig also suggested that as the states are going through these documents, to look and see if they can answer yes or no. If you can't answer them yes or no, then we need to look at possible revisions. David Campbell said if it's a yes, it will generally be taxable and no will generally be non-taxable on the Taxability Matrix. It has to be an automated decision and suggested that N/A should be answered as "no" instead.

Michael Eschelbach said some of these questions should be rewritten if the CSP needs a Yes or No and David Campbell agreed. He said these matrices give the SSTGB the ability to control their machines but if you don't say Yes or No, our machines won't know what to do.

Craig Johnson said to please keep that in mind and anywhere that you can answer "Yes" or "No", please do so. If you can't answer yes or no, then we should look at revisions that may be necessary.

Dan Noble motioned to approve the [SL16016](#) Certificate of Compliance. The roll of the states was called and the motion passed with 20 yes and 4-absent.

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Senator Cook motioned the approval to adopt the Taxability Matrix. Craig Johnson said the motion is to approve [SL16017](#). The roll of the states was called and the motion passed with 20 yes and 4-absent.

### **Executive Director Updates – Craig Johnson**

- **Central Registration System**

Craig reported that the central registration system is now fully functional. He also reported that some of the CSPs have completed the testing to be able to submit bulk registrations while others are still working on it. Craig indicated that he is always looking for ideas to improve the system so if anyone has ideas on improvements that could be made or additional functionality they would like to see to please contact him.

- **Streamlined Registrants and Collections**

Craig indicated that he thought it was very important for people to understand how Streamlined has grown over the years. He indicated that over the last approximately 4 years, Streamlined has seen an increase in the number of active registrants and we now have over 3,000 active retailers registered through Streamline and he gets additional inquiries on a weekly basis. Craig also pointed out the collections and although some states cannot distinguish between voluntary and non-voluntary dollars collected for all their sellers, the important thing to look at is the trend which continually shows an increase in the dollars being collected through Streamline.

- **Development of Tax Administrator's Guide**

Now that the Technology Implementation Guide has been updated, we are going to start working on a Tax Administrator's Guide. Jody has provided an initial draft and I have started to review. The plan for this guide is for it to provide a high level overview of Streamlined, what things states will need to do when they join, a description of the various committees and their responsibilities and the need for the states to provide input and be involved.

- **Historical/Background Materials**

Craig indicated that if any of you have historical information relating to the early days of Streamlined that you contact Craig before discarding. He is trying to make sure we have all of the Streamlined history that is available and that provides as much of the background as possible to show how we got to where we are.

- **Miscellaneous**

Craig indicating that they will be working on updating the FAQs on the website and also reminded everyone to use the SLAC Work Request form to layout any issues people think SLAC should take a look at.

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Craig reminded the states that if they do an annual scan to look at the necessary filing frequency of their taxpayers based on dollars submitted, etc. that they need to remember that if the seller is a volunteer seller using a CSP that the CSPs are required to file an SER for the seller every month. The filing frequency of those sellers should not be changed.

Craig indicated that the CSP Contract Negotiating Team will be starting to meet with the CSPs to review and discuss the next CSP contract. Although the contract goes through December 2017, Craig indicated that he wanted to get an early start on any revisions to the contract so that the states and CSPs would have plenty of time to review and discuss any changes. Craig asked that if any states have any suggest changes, clarifications, etc. that they think need to be made to the CSP contract to please submit those suggestions to him. When you submit the suggestion, please indicate what the concern is, what the suggested change is and why the change is needed.

Craig also thanked Alison Jares and Christie Comanita for the great job they do leading SLAC; Ellen Auger and Darrell Engen running the Audit Committee and Tim Bennett for the work he does leading the Certification Committee. He also recognized the work of the Audit Core Team and the significant amount of time they put in. He also thanked Jody for doing a magnificent job helping out in David's absence.

- **Business Advisory Council** – Charles Collins, BAC President

Charles Collins reported on the Business Advisory Council (BAC). He started by thanking Brian Ertmer (Deloitte) who is retiring and has been on the Board since they got started. He also thanked Meredith Garwood who due to her work commitments is not able to attend and has resigned. He said the BAC elected 2-new Directors yesterday, including Melissa Smith of Amazon who has been participating in Streamlined for a couple of years.

Charles also mentioned, as had been indicated previously, that they are working on a uniform limited authorization form. The goal of the form is to have a single form that their clients can sign and have it apply to all of the states so that they can discuss the accounts for which they prepared, filed and made the remittance to the states.

He also mentioned the voluntary disclosure agreements and the need for the states to be able to let sellers registers as quickly as possible without it adversely affecting a voluntary disclosure agreement they are working on.

Charles also thanked the Board and the Committee Chairs for their work on behalf of the BAC.

- **CSP Report** – Scott Peterson

Scott Peterson thanked everyone for the voluntary disclosure discussion. He said it's important to those who are trying to get people into your system and issues need to be



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resolved carefully and thoughtfully. He said they also appreciate the Power of Attorney (POA) discussion and they look to SLAC for further discussion on that. Having to deal with each state's POA separately is not good.

Bruce Johnson said that Taxometry would like to bring to the Governing Board's attention that the formation of an organization under 501(c)6 for the National Association of Certified Service Providers has taken place to help ensure their success. The membership in the organization will be determined by the Governing Board because it will be limited to people who have an active contract with the Governing Board as a CSP. He said one of the reasons for doing this is as more and more businesses realize that they need to collect the states sales tax letting people know that you were approved by the Governing Board with be very important.

- **Presentation on Credits – Wynne decision – Fred Nicely, COST**

Fred Nicely and some members of the BAC including Mark Nebergall, Mark Yopp and Pat Reynolds gave a presentation on credits and the *Wynne* decision. At the conclusion of the presentation, Fred opened the floor for questions and comments. Victoria Daniels asked when Mr. Nicely had sent out the survey regarding credits. Fred indicated it was part of the part of the Taxability Matrix updates due on August 1, 2015. Craig Johnson said this presentation will be posted on the SST website.

President Dobson said he appreciates the presentation and the analysis regarding the surveys. As all of us respond, from the litigation standpoint or whatever the case may be, we need to review our responses. The representatives of the states might want to take this information back for further consideration.

**Old Business – None**

**New Business – Open Discussion**

Craig Johnson said we are finding more and more people who are retiring and leaving Streamlined. If you have documents that you are going to toss, please box them up and send them to him.

**Adjournment**

President Dobson said he appreciated the efforts made by those who participated in the meeting today. With no further business, President Dobson entertained a motion to adjourn and Tim Bennett made the motioned. The meeting adjourned at 12:06 am est.