



SST State and Local Advisory Council

Meeting Minutes

SLAC Teleconference Meeting – April 30, 2009

Steering Committee

Sherry Harrell
Chair
Tennessee

Christie Comanita
Arizona

Richard Dobson
Kentucky

Cathy Wicks
Minnesota

Craig Rook
New Jersey

Vicki Gibbons
Wisconsin

Mike Bailey
GFOA
City of Renton, WA

Sonny Brasfield
NACO

Sherry Harrell (TN) opened the teleconference meeting by taking roll of members in attendance. 24 members participated in the teleconference meeting.

Agenda:

Replacement Tax Rule

Unless there is objection-Discussion of the 2 different options for the replacement tax rule will be added to the end of the agenda.

Direct Mail

The SLAC direct mail workgroup has recommended changes in the direct mail documents to remove from the definition of "other direct mail" in Section 313C.2. transactions that include the development of billing information or the provision of any data processing service that is more than incidental. The 2008 CRIC ruling would remain in effect. Direct mail and delivery charge documents have been revised for this change. Other changes have also been made in the Section 313 - 313.1 amendment and Rule 327.5 Direct Mail Definition. The documents contain highlights showing the latest changes. The amendment for Section 313 and 313.1 was noticed but inadvertently left off the agenda. It is expected to be added to the Governing Board agenda. We will review and may take votes/consensus of the group on the attached documents related to direct mail.

Documents:

- 1) Rule___ Prohibition of Replacement Taxes - Interpretive Rule related to proposed amendment AM08014A01
- 2) Draft dated 4-22-09 (Jerry Johnson) (OK)
- 3) Draft dated 4/28/09 (Bill Riesenberger) (OH)
- 4) Memo from Bill Riesenberger

- 5) Rule 327.5 Direct Mail Definition draft dated 4/30/09
- 6) Section 313 - 313.1 Direct Mail Sourcing amendment dated 4/30/09
- 7) Delivery Charge Administrative Definition amendment dated 4/30/09
- 8) Amendment Rule 327.4 Delivery Charges dated 4/30/09

Sherry Harrell (TN) Discussed the Delivery charge amendment. The state workgroup had met and was concerned over including data processing as this overturned the prior CRIC ruling. This language was removed from the "other direct mail" definition in the amendment to Section 313 and 313.1. The language in the delivery charge amendment was added to include the billing and data processing services that result in mailings to be included in the direct mail delivery charge option.

Kristi Magill (RSM McGladrey) BAC direct mail committee reviewed and conceptually were okay with this change.

This change allows for exclusion of postage on bills mailed resulting from billing or data processing services.

Jerry Johnson (OK) questioned whether the amendment to delivery charges will require two votes. Changes will be made in the matrix to reflect these amendments.

Richard Dobson (KS) questioned whether states that adopted the exemption for direct mail delivery charges will need to amended statute due to this language change.

Sherry Harrell (TN) indicated her opinion was that states will not need to amend statutes for the definition but may need to change policy, rule or administration of application of the direct mail delivery charge option.

Jane Page (SD) indicated SD will need to amend language as state there can be no markup and Rule 327.4 indicates only a "reasonable" markup is allowed. Per discussion reasonable is not defined.

Jerry Johnson (OK) discussed expectations at Governing Board meeting:

Vote on delivery charge amendment.

Vote on amendment to Rule 327.4

Vote on Section 313 and 313.1 sourcing amendments, which will require two votes.

Rule 313.1 will be completed to coincide with the 2nd vote.

Vote on Rule 327.5 Direct Mail Definition.

Sherry (TN) reviewed delivery charge rule 327.4. Changes were sent to CRIC.

Kristi Magill (RSM McGladrey) suggested language changes to make wording and use of phrases consistent. Per Jerry Johnson (OK) - as long as we agree to concept, we will work on wording after the call.

Section 313-313.1 amendment to direct mail sourcing. Changes were discussed.

A question was asked as to what "incidental" means. Sherry indicated she contacted 3 or 4 states to obtain any definitions for incidental or other language to explain processing that is more than "mere printing". Sherry indicated she also used language describing data processing from the telecommunications definition in the Agreement and also used some language from Tennessee that describes variable imagining process that is "incidental" to printing as printing or had contacted states with start of language to use to define. First draft language was sent to Kristi and members of the direct mail workgroup. We will work on during the SLAC meeting in May.

SLAC hasn't voted on this amendment. This will be on the Governing Board agenda for vote and will require a second vote. Rule 313.1 will be ready by the time the 2nd vote is to be taken on the amendment.

Jerry Johnson (OK) moved for consensus vote on the amendment to Section 313 and 313.1. Richard Dobson (KY) seconded. All in favor. Consensus received 17 - Yes; 7 abstained, 0 - No.

Rule 327.5 Direct Mail Definition - no comments
Richard Dobson (KY) made motion for consensus vote, Jane Page (SD) seconded. All in favor.
Consensus received 19 - Yes; 5 abstained; 0 - No.

Replacement Taxes

Jerry Johnson (OK) stated the short version was noticed to Governing Board had no new changes since last meeting. RP09006.

Bill Riesenberger (OH) discussed alternate proposed rule. Bill stated the rule should provide guidance as to what is prohibited. Language lists items Governing Board must find for a tax to be a replacement tax and for the replacement tax to be a prohibited replacement tax. Discussion then focused around whether this should be a "must" or should it be items that could be used. Of those speaking during meeting support was shown for using "must" and providing specific criteria.

Discussion also included concerns that some of this should be included in the By-Laws and that there needs to be direction as to where the reviews go as a result of this alternate proposal. The current procedure is that questions are sent to Governing Board and are then referred to CRIC to review.

Cathy Wicks (MN) stated because the fur tax issue with Minnesota has been settled, that MN would appreciate if there are actually other issues out there concerning replacement taxes that those issues be used as examples.

The alternate proposal will require two votes to have a finding of a prohibited replacement tax.

No SLAC vote or consensus was been taken on replacement tax.

Sherry Harrell (TN) indicated she would set up a call for Thursday to discuss further the alternative proposal for a replacement tax rule RP09006A01 and RP09006. The SLAC call will not be a formal teleconference meeting. Sherry will submit the alternate rule proposed to CRIC.

Meeting Adjourned.