



SST State and Local Advisory Council

Meeting Minutes

September 28, 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

Welcome and Introduction

Sherry Harrell (TN) opened the meeting in Oklahoma City, OK. Introductions were made.

The minutes from the May 2009 meeting in Arlington, VA, and the August 20, 2009, teleconference were reviewed. A motion to approve minutes was made by Mark Haskins (VA) and seconded by Larry Wilke (MN). All in favor per voice vote.

SLAC Annual Report was reviewed. A motion to approve report was made by Craig Rook (NJ) and seconded by Tom Gillaspie (NE). All in favor per voice vote.

Discussion, Recommendations, and Votes:

38 Delegates present.

1. Sourcing Services Rules Workgroup. Jane Page (SD). The workgroup drafted rules 311.1 and 311.2 Services to Tangible Personal Property. The group categorized services for sourcing discussion into groups: Services to personal property, services to real property, amusements, products delivered electronically, and a few miscellaneous categories such as armored car services, storage, and towing. Future plans are for a teleconference to finalize rules 311.1 and 311.2 to present for a vote at the next meeting.

2. Tribal Participation Workgroup. Mike Eschelbach (MI) & Christie Comanita (AZ). The workgroup drafted the following amendments to the Agreement: Section 213: State; Section 309: Application of General Sourcing Rules and Exclusions From the Rules; Section 706: Tribal Government Membership; and Section 1101: Cooperating Sovereigns. Discussion centered on the necessity of a State Tribal agreement and what should be included in the agreement. Future plans are for a teleconference to further discuss the agreement requirement.

3. Good Faith Amendment. Sherry Harrell (TN), Bill Riesenberger (OH), and Fred Nicely (COST). The workgroup drafted an amendment to Section 317: Administration of Exemptions. The amendment set three criteria to define when Good Faith is met for purposes of accepting an exemption certificate during the 120 days after the state has requested the documentation. This does not affect the acceptance of an exemption certificate at the time of sale or prior to the state requesting documentation.

Bill Riesenberger (OH), Cathy Wicks (MN), and Fred Nicely (COST) presented three alternate proposals.

Discussion centered on the criteria that the seller "Has reason to know" and the "seller has knowledge". It was suggested that this means the state has direct communication with the seller concerning that issue or the state has published information. States are not willing to limit this to issues the state has specifically informed that vendor of. States prefer using general information available on the Internet, in laws or publications.

Tom Gillaspie (NE) stated that the states have added a lot of information to the websites, now they are hearing that is not sufficient to inform the taxpayer. That business prefers direct notice by mail or email.

Other comments made included, the facts and circumstances of a particular business or audit can establish "reason to know". Some thought "reason to know" is more to the knowledge of what the purchaser is or is not doing. Some felt standards for good faith are needed and that without the standards businesses are getting a "free pass".

4. RP09009, Rule 313.1 Sourcing Direct Mail. This rule was drafted to be ready to pass with the second vote on AM09005A01, Section 313: Direct Mail Sourcing. A consensus during the August 2009 Teleconference was 18 yes, 0 no, 1 abstain. Some changes were made after that meeting.

Motion to approve RP09009 and send to the Governing Board by Russ Brubaker (WA), second by Frank Delach (NLC)

Vote: 36 yeas, 0 nays, 1 abstain

5. AM09007, Disaster Preparedness Holiday Definitions

Motion to approve and send to the Governing Board by Mark Haskins (VA), second by Bill Riesenberger (OH)

Vote: 37 yeas, 0 nays, 0 abstain

Other Items:

Public Comments: None

Sherry Harrell (TN) stated the Interpretation Request, R109012, Candy, would be referred to SLAC. SLAC will have 30 days to resolve or interpret and make a recommendation to CRIC. Sherry will hold a teleconference. Robin Corrigan (TX) asked if there was any consideration of amending the candy definition. A response was a strong no. Flour was put in as a bright line test to remove a product from candy definition. The SLAC workgroup may request CRIC interpret or a rule may be needed.

CRIC wants SLAC to look at three issues:

1. One way vs Two way paging definitions
2. What taxes imposed are intended to be included in sales price definition? Some fees and taxes are imposed on the buyer but are required to be collected by the retailer.
3. Sourcing of products transferred electronically.

Vicki Gibbons (WI) and Pam Cook (STTP) will be in charge of a workgroup for #2 and will hold a teleconference in the next 10 days or so.

State government candidates for the 2010 SLAC Steering Committee are:

Christie Comanita (AZ), Richard Dobson (KY), Vicki Gibbons (WI), Sherry Harrell (TN), Jane Page (SD), Bill Riesenberger (OH), Craig Rook (NJ), Cathy Wicks (MN)

Richard Dobson (KY) and Vicki Gibbons (WI) withdrew.

Local government candidates for the 2010 SLAC Steering Committee are:

Mike Bailey (GFOA), Mike Edwards (NACO)

Results of the election for the 2010 Steering Committee are:

Sherry Harrell (TN), Bill Riesenberger (OH), Jane Page (SD), Christy Comanita (AZ), Craig Rook (OH), Mike Bailey (GFOA), and Mike Edwards (NACO)

Motion to adjourn by Bill Riesenberger (OH). All in favor. Meeting adjourned.