

**State and Local Advisory Council  
Annual Report to the Governing Board  
October, 2010**

Of the twenty four assignments undertaken by the State and Local Advisory Council this past year, seventeen assignments were completed or resolved with seven assignments currently in progress.

Three amendments were withdrawn by their sponsor. They were:

- Sales Tax Holiday - Disaster Preparedness AM09006 - Withdrawn by Vermont
- Origin Leasing AM10007 - Withdrawn by Virginia
- Statute of Limitations on Refunds AM09018 - Withdrawn by Minnesota

One amendment was tabled in August by the Governing Board after much discussion:

- Healthy Foods Definition AM10005

**Accomplishments forwarded to the Governing Board for final consideration:**

- Sourcing Services Rules RP10002 & RP10003
  - Rule 311.1 General Sourcing Rule
  - Rule 311.2 Sourcing Services Performed on Tangible Personal Property
- Computer Software Maintenance Contracts Definition AM09011
  - Amendment - Appendix C Part II of Definitions
- General Sourcing & Origin Sourcing AM08013
  - Amendment – Sections 309 & 310.1. Technical language corrections
- Exemption Administration AM09017 & AM09023
  - Amendment – Section 317 Good Faith
  - Amendment - Section 317 Post exemption certificate on website
- State Level Administration AM09019 & AM10006
  - Amendment – Section 301 A states may authorizes others to perform audits
- One-Way Paging versus Two Way Paging  
Definition of Paging under Telecommunications, Appendix C Part II of Definitions: SLAC determined that the SSUTA definition of paging includes both one-way and two-way paging. SLAC then suggested that CRIC prepare an interpretation of the definition specifying that the definition includes both one-way and two-way paging.
- 2010 Taxability Matrix Enhancements and Updates

- Candy Definition Rule RP10009
  - Rule 327.6 Food & Food Ingredient Definition
  - Rule 327.6.1 Candy Definition
- Uniform Tax Returns & Rules for Remittance AM10009, AM09016 & RP10004A01 & AM09014A01
  - Amendment – Section 318 & 319. Clarifies due dates for returns & payments
  - Rule 806.1.4 - Governing Board due dates
  - Amendment - Section 319 Clarifies requirements for additional payments
- Digital Products Definition AM10004
  - Amendment – Defines Ring Tone in Appendix C Part II of Library of Definitions
- Substantial Compliance Rule RP10005
  - Rule 201 Clarifies substantial compliance

### **In-Progress**

#### 1. Sourcing Services (GB assignment) – Allen Lynn, WA

Rules – Application of Sections 310.A and 311 to sourcing of services

- a. Sourcing services with respect to tangible personal property
- b. Sourcing of products transferred electronically
- c. Sourcing services related to real property
- d. Sourcing personal services
- e. Sourcing for other services not related to tangible personal property, real property or personal services

Section 310.1.C.7 (GB assignment) – Uniform sourcing methodology to address sourcing of services when a state elected origin-based sourcing for intrastate sales of tangible personal property and digital products.

#### 2. Audit Overpayments AM09020 (GB assignment) – Bruce Christensen, SD

During an audit, determine how to apply previous overpayments.

#### 3. Tribal Participation AM09001 (GB assignment) – Christie Comanita, AZ and Michael Eschelbach, MI

SLAC is drafting an amendment to enable tribal participation as a member of the SSUTA. This work group has been put on hold until the tribal language in the Main Street Fairness Act is finalized.

#### 4. Credit Issues (GB assignment) – Greg Potegal, WA and Tom Conley, IN

Credit for tax paid in other states. The work group is working on the credit issue for both state tax and local tax and for both goods and services.

5. Sales Price (GB assignment) – Cathy Wicks, MN and Jody Bartels, SD

This work group is looking at other taxes and fees, in particular the federal taxes, and whether a state shall include those fees in the sales price.

6. Sales Price Definition on employee points (GB assignment) - Sherry Harrell

There has been a request for interpretation on sales price and employee points.

7. Soft Drinks & Dietary Supplement Definitions (GB assignment) - Craig Johnson, WI and Judy Niccum, MN

The SSUTA definition of candy, soft drinks and dietary supplements needs further clarification since there is some confusion in this area.

I would like to thank Sherry Harrell, SLAC vice-chair, chairs and co-chairs of the work groups, SLAC Steering committee members, Fred Nicely of COST, and all other government and business representatives who offered input, for all of their time and effort to get so many of these issues resolved. It takes a lot of organization, attention to detail, and compromise to find solutions that will work for everyone.

Jane A. Page  
SLAC Chair