



SST State and Local Advisory Council

State and Local Advisory Council Business Meeting September 18, 2012

Steering Committee

Chrisite Comanita
Chair
Arizona

Ellen Thompson
Vice-Chair
Nebraska

Mike Bailey
GFOA
City of Renton, WA

Sherry Hathaway
Tennessee

Craig Johnson
Wisconsin

Peter McVay
Rhode Island

Susan Mesner
Vermont

Jane Page
South Dakota

Robert Scott
USCOM
Carrollton, TX

Welcome and Roll Call

Christie Comanita, (AZ) SLAC Chair opened the meeting. Twenty six states were present as well as representatives from the US Conference of Mayors, the Government Finance Officers Association, and the National League of Cities.

Minutes

A motion was made by Jane Page (SD) to approve the minutes from the May 22, 2012 meeting. Dan Noble (WY) seconded the motion. The minutes were approved by a unanimous voice vote.

Workgroup Reports

Credits

Craig Johnson (WI) reported that work continues on an amendment and rule for credits. The workgroup has not been able to reach agreement on three major issues and will seek direction from the Governing Board on how to handle these issues. The first issue is whether tax collected on a sale that has been sourced per the Agreement is considered “legally due” even if no taxable event has occurred in that state. A survey has indicated states do not support a requirement for granting credit in these situations. The second issue is the requirement for states that do not impose local taxes to grant credit for local taxes paid in other states. The third issue is the handling of taxes paid on leases. When leased property is moved to another state, the second state may or may not give credit for taxes paid on an upfront- basis. In addition, differences exist between states depending on whether the lessee notifies the lessor when the property is moved to another state.

Digital Sourcing

Tim Jennrich (WA) reported that the results of an informal survey among states indicated states support the position that streaming or downloading specified digital products to a device constitutes receipt of the digital product. In addition, the workgroup has completed its review of the term “receipt” and that for purposes of sourcing, any differences between taking possession and making first use of the product need not be explored further. Additionally, the workgroup is developing draft rule language and this work is progressing.

Essential Clothing

Christie Comanita reported the work on the essential clothing definition and the caps and thresholds amendment is beginning. Christie asked for further input from the BAC on the standards that should be adopted. The BAC has recommended that the threshold be standardized among states as well as the portion of the price that should be taxed. In addition, the issue on whether local governments can opt in or out of the threshold should be addressed.

Remote Access to Prewritten Software

Dan Noble reported that the states have indicated support for the position that the taxation of remote access to software is allowed under the SSUTA as prewritten software is defined as tangible personal property (TPP). Therefore, states can tax it as a sale or use of the TPP, regardless of whether it is delivered, transferred, or accessed. This position is not supported by the BAC. Work will continue on how to best clarify this issue.

Discussion and Vote on SL12009A01 – Sales Price rule on voucher transactions

Christie Comanita announced there would be no further discussion on SL12009A01 and called for a final vote. The vote results were:

YES – 16
NO - 8
Abstain – 3
Not voting – 1

Christie will report the results of the voting to the Governing Board.

Steering Committee

2013 elected SLAC Steering Committee members are:

Christie Comanita
Harry Fox
Tim Jennrich
Craig Johnson
Tony Mastin

The meeting was adjourned.