



# SST State and Local Advisory Council

## State and Local Advisory Council Business Meeting May 14, 2013

### Steering Committee

Chrisite Comanita  
Chair  
*Arizona*

Tony Mastin  
Vice-Chair  
*Oklahoma*

Mike Bailey  
GFOA  
*City of Renton, WA*

Harry Fox  
*New Jersey*

Timothy Jennrich  
*Washington*

Peter McVay  
*Rhode Island*

Larry Paxton  
*Iowa*

Ken Roberts  
*Idaho*

Robert Scott  
USCOM  
*Carrollton, TX*

### Welcome and Roll Call

Christie Comanita (AZ), SLAC Chair, opened the meeting. Twenty five (25) states were present as well representatives from the Government Finance Officers Association, the National League of Cities, and the National Association of Counties.

### Minutes

A motion was made by Tim Jennrich (WA) to approve the minutes from the September 18, 2012 meeting. The minutes were approved by a unanimous voice vote.

### Steering Committee

Christie announced that three individuals had submitted their names to fill the three vacancies on the Steering Committee – Ken Roberts (ID), Larry Paxton (IA), and Peter McVay (RI). These nominees were elected unanimously on a voice vote.

### Workgroup Reports

#### Credits

Craig Johnson (SST) reported that Kristen Shogren (MN) and Ellen Thompson (NE) would be taking over for Craig in drafting Best Practice proposals for credits. The plan is to break the entire topic into sections so that a Best Practice for three or four related issues could be presented in one document. For example, the issues related to local taxes would be contained in one Best Practice proposal. Teleconference meetings will be scheduled to continue the work on credits.

#### Digital Sourcing

Tim Jennrich reported that work continues on drafting a rule for Digital Sourcing. The primary issue that requires further clarification involves Section 310.A.5 of the Agreement. When the sourcing of a sale defaults to the location from which the digital good was first available for transmission

by the seller, the use of a third party server for the transmission may result in the seller being unaware of the location. Teleconference meetings will be scheduled to continue the work on digital sourcing.

### **Federal Implementation**

Richard Dobson (KY) reported that the workgroup has compiled lists of Frequently Asked Questions for member and nonmember states. Richard asked states to review the questions and to send any proposed answers to the questions to Craig. States can also propose additional FAQs. The various subgroups working on implementation issues will continue to meet via teleconference.

### **Best Practice Proposal**

Jerry Johnson (OK) reported that a new section to the Agreement is being proposed to allow the Governing Board to adopt a best practice in the administration of sales and use tax regarding identified products, practices, services, or transactions. The Best Practices will become an appendix to the Agreement and will be disclosed in the current Taxability Matrix. Section 328 is also being amended to include liability relief for sellers and CSPs for information contained the Taxability Matrix. By including the practices in the current matrix, instead of in a separate, new matrix, no state indicated they would have to make a legislative change for the liability relief. Fred Nicely (COST) asked that if a state changes its best practice, the state should provide relief to the “fullest extent possible” to sellers and CSPs for at least 30 days. Jerry added that this level of relief would be available if the seller relied on the prior best practice. Jerry commented that relief is intended to cover law changes and errors discovered in the published information. The intent is to provide sellers and CPS with time to adjust to a change in position.

Craig Johnson noted that the current CSP contract contains a 10-day relief period when notified of a change in information contained the Matrix. This provision will require a revision when the contract is renegotiated. Jerry recommended that the 30-day relief be added to section 335.C of the proposed amendment. This change was approved on a voice vote.

Mike Eschelbach (MI) believes that since the Best Practices will become an appendix to the Agreement, with relief provisions for sellers and CSPs, that the adoption of a practice should require a  $\frac{3}{4}$  vote of the Governing Board. Mike moved that the adoption of a Best Practice be changed from a “majority” vote to require a  $\frac{3}{4}$  approval by the Governing Board. Dan Noble (WY) seconded the motion. The motion lost with eleven states voting “YES” (GA, IN, IA, KS, MA, MI, MN, NE, NJ, NC, WY), sixteen states voting “NO” (AZ, AR, ID, KY, NV, ND, OK, RI,

TN, SD, UT, WA, WI, GFOA, National Association of Counties, US Conference of Mayors), and one state abstaining (VA).

Jerry Johnson moved adoption of the amendment to Section 328 and the adoption of the new section, 335. The motion passed with 24 states and 3 local governments voting "YES" and one states abstaining (VA). There were no "NO" votes cast. The results of the vote will be reported to the Governing Board.

### **Public Comments**

There were no public comments.

### **Announcements**

Christie Comanita announced there would be a reception following the Governing Board meeting on Wednesday, May 15, 2013 to honor Scott Peterson, Russ Brubaker, Jane Page, Cathy Wicks, and Gary Centlivre.

The meeting was adjourned.