

**State and Local Advisory Council Meeting Minutes**  
**Business Meeting**  
**May 11, 2015**

**Welcome and Roll Call**

Tim Jennrich (WA), SLAC Chair, opened the meeting. Twenty four states were present as well as representatives from the Government Finance Officers Association and the U.S. Conference of Mayors.

**Minutes**

The minutes from the October 6, 2014 meeting were presented for approval. Chad Paulson (MN) moved to approve the minutes. The minutes were approved on a unanimous voice vote.

**Workgroup Updates**

Tim Jennrich reported that good progress has been made on the Disclosed and Best Practices proposals and that amendments to Section 335, Section 328, and related new Governing Board Rule 335 are ready for a vote by SLAC.

Phyllis Shambaugh (OH) reported on the Post Transaction workgroup. While some issues are close to being finalized, there are still several issues needing analysis. The workgroup will conduct a survey in the near future.

Gina Dougherty (AR) reported on the Compliance and Sanctions workgroup. Gina has received good comments and suggestions from the states on the proposed amendments to Sections 805 and 809 and related rules. The workgroup will continue to meet with a goal of having the proposed amendments and rules ready for consideration at the September 2015 meeting.

Richard Dobson (KY) reported on the Federal Legislation Committee. Updates to the Voluntary Exemption and Taxable Services Matrices were reviewed. The workgroup will continue to meet.

**Compliance and Sanctions Amendments**

Fred Nicely (COST) commented that the BAC would like the work to be completed soon. Mr. Nicely also suggested the workgroup seek guidance from the Governing Board.

**Sales Price Amendment**

Mr. Jennrich reported that the amendment to the Sales Price definition which adds a new toggle for federal excise taxes (AM15001) was discussed for the first time during the general SLAC meeting. Mr. Jennrich indicated that the states were not ready to vote on the amendment and recommended requesting, upon agreement of Indiana, this issue be referred from the Governing

Board to SLAC so that a workgroup could be formed to review the issues and provide recommendations. There was consensus to this approach.

### **Taxability Matrix**

Craig Johnson (SST) reviewed the changes to the 2015-2016 Taxability Matrix. The primary changes were in the prepared food descriptions to clarify the allowable exclusions are products that first meet the definition of “prepared food.”

Pat Calore (MI) asked that the instructions be changed from referencing a state being “found not in-compliance” to a state being “out-of-compliance.” Pat indicated the new wording is consistent with the language in the proposed amendments to Sections 805 and 809. Craig decided the wording would not be changed until the Agreement was officially amended.

Chad Paulson (MN) moved the approval of the updated Taxability Matrix. The motion passed with twenty-five voting “YES” (AZ, AR, GA, IN, IA, KY, ME, MA, MI, MN, NE, NV, NJ, NC, ND, OH, OK, RI, SD, VT, WA, WV, WI, GFOA, the US Conference of Mayors); and one state abstaining – TX.

### **Proposed Amendments – Best Practices**

Mr. Jennrich explained the proposed amendments Sections 335 and 328. The amendments had been revised to reflect the suggestions made during the SLAC meetings. Mr. Jennrich also explained the SLAC Request and Assignment Form. The purpose of this Form is to offer better direction on workgroup assignments and to avoid “scope creep” once a workgroup is formed.

Tim explained that the difference between the two proposals for Section 328, AM14007A02 and AM15002A01, is the extent of relief provided to sellers and CSPs for incorrect information in the Taxability Matrix. AM14007A02 requires relief for the terms in the Library section of the Matrix and limits relief to the extent possible for information in the Tax Administrative Practices (Practices) section. AM15002A01, which is supported by the BAC, requires relief for both the Library and Practices sections.

Pat Calore (MI) suggested the sentence in the amendment to Section 335, AM14006A02, which indicates a practice not receiving the required three-fourths vote of the Governing Board will remain a disclosed practice, be removed. After discussing the purpose and need for this sentence, it was decided the language would be removed.

Myles Vosberg (ND) moved the adoption of the amendment to Section 335, AM14006A02, the amendment to Section 328, AM14007A02, and the SLAC Request and Assignment Form. John Doyle (WV) stated the amendments are not “ripe” for a vote and that they fundamentally strayed from the uniformity objective of the Agreement; therefore he intended to oppose the motion.

Twenty-three voted YES ( AZ, AR, GA, IN, IA, KY, MA, MI, MN, NE, NV, NJ, NC, ND, OH, OK, RI, SD, VT, WA, WI, GFOA, US Conference of Mayors), one voted ‘NO’ (WV), and two states abstained (ME, TX).

**Announcements**

Craig announced that the Executive Committee would meet on Tuesday, May 12, 2015.

There being no further business, Gina Dougherty (AR) moved to adjourn the meeting. The motion passed with a unanimous voice vote.