

SSTGB EXECUTIVE COMMITTEE
2025 COMPLIANCE ISSUES AND SANCTIONS RECOMMENDATIONS

Summary of Findings by the SSTGB and Current Status

Georgia

Georgia was voted to not be in substantial compliance with the SSUTA in October 2024. All four of the compliance issues also existed previously. Below is a brief description of each of the compliance issues:

1. **Good faith requirement for accepting exemption certificates (Section 317 of the SSUTA)** – Section 317 provides in part that “Each state shall relieve a seller of the tax otherwise applicable if the seller obtains a fully completed exemption certificate or captures the relevant data elements required under the Agreement within 90 days subsequent to the date of sale...” Rather than just providing this liability relief to sellers who obtain a fully completed exemption certificate within 90 days subsequent to the sale, Georgia imposes a requirement under Section 48-8-38 that the exemption certificates must also be accepted in good faith. Although these additional requirements may be placed on a seller if the seller did not obtain an exemption certificate within 90 days subsequent to the sale, they cannot be placed on the seller if the seller obtained the fully completed exemption certificate within 90 days subsequent to the sale. Although Georgia complied with this provision when their membership was initially approved, the legislature reinstated the “good faith” requirement for accepting exemption certificates in 2012. To correct this issue, Georgia will need a legislative change and it was indicated that Georgia Department of Revenue officials have discussed the necessary corrections with the Streamlined legislative delegates for Georgia.
2. **Only accepts the SER from Model 1 volunteer sellers - Not able to accept the SER from Model 4 or other sellers at this time (Section 318 of the SSUTA)** – Under the Agreement, effective January 1, 2011 a state must allow Model 4 sellers to file the simplified electronic return (SER) and effective January 1, 2013 a state must allow all sellers, including those not registered under the Agreement to file an SER. Georgia currently only accepts SERs from Model 1 Sellers. The SER has limitations in its schema that will not accommodate correct vendor compensation for sellers with multiple locations in Georgia. Such sellers receive more vendor compensation if they do not use the SER. Georgia also indicated that due to the SER schema limitations, they do not believe the schema provides an adequate method for sellers to report the variations between the state and local tax base and rate differences that are allowed in Sections 302 and 308 of the SSUTA.
3. **Imposes a cap of \$35,000 in tax on boat repairs (Section 323.A of the SSUTA)** – Under the Agreement, caps and thresholds are not allowable (with very limited exceptions) “...unless the member state assumes the administrative responsibility in a manner that places no additional burden on the retailer.” To correct this issue, Georgia will need a legislative change and it was indicated that Georgia Department of Revenue officials have discussed

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the necessary corrections with the Streamlined legislative delegates for Georgia.

4. **Exemption For Food From Local Tax in One Local Jurisdiction (Section 308 of the SSUTA)** – The legislature extended the exemption for food to an equalized homestead option sales tax if such local tax is passed by referendum. This provision is intended for one county. Food is not exempted from other local sales taxes. A referendum was passed and this provision became effective in DeKalb County on April 1, 2018. To correct this issue, Georgia will need a legislative change. Georgia indicated that the Georgia Department of Revenue personnel will discuss the necessary changes with the Streamlined legislative delegates for Georgia.

Status as of March 27, 2025 – No known change from above.

Executive Committee Sanctions Recommendation – Georgia

Based on the above information and in accordance with Section 809 of the SSUTA and SSTGB Rule 809, the Executive Committee met and recommends the following sanctions:

- As long as the good faith issue exists, the recommended sanction is that Georgia is not allowed to vote on amendments to the SSUTA or on other states' compliance with the SSUTA.
- If the good faith issue is corrected, but one or more of the other issues have not been corrected, Georgia will be able to vote on amendments to the SSUTA, but not on other states compliance with the SSUTA.

Rationale: Georgia has been aware of some of these issues for several years. With respect to the good faith issue, that change was made by their legislature after they were approved as an SST full member state knowing it could take them out of compliance with the SSUTA. In addition, imposing the good faith requirement leads to a potential liability for every seller that accepts exemption certificates and potentially places a significant burden on them.

With respect to the SER issue related to the vendor compensation, Georgia could actually accept the SERs, but it would result in the sellers receiving less vendor compensation than they are entitled to under Georgia's law. For some of the other SER issues, due to the schema limitations, the SER would not provide them with the detail they need to properly distribute these taxes. The Certification Committee worked to address these issues and amendments to Sections 302 and 308 of the SSUTA were made to allow for alternate rate and boundary file layouts that would rectify this issue. This would require Georgia to revise its rate and boundary databases.

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With respect to the caps and thresholds issue, Streamlined personnel and the Business Advisory Council have offered to work with Georgia to help them draft language to correct this issue and still accomplish the goal and intent of these provisions.

With respect to the State and Local Tax Rates issue, according to Georgia personnel, this is an issue that would require a statutory change.

Table 1 below details what sanctions would be imposed if none or some of these compliance issues are resolved.

Table 1

Compliance Issue	Sanction Recommended
Good faith, SER issue, cap and threshold and local food exemption issues all unresolved	Not allowed to vote on SSUTA amendments and not allowed to vote on other state's compliance
Only good faith issue unresolved	Not allowed to vote on SSUTA amendments and not allowed to vote on other state's compliance
Only SER issue, cap and threshold and local food exemption issues unresolved	Not allowed to vote on other state's compliance

Nebraska

Nebraska was voted to not be in substantial compliance with the SSUTA in October 2024. Below is a brief description of the compliance issue:

In 2023, Nebraska adopted the Good Life Transformational Projects Act which creates a special geographical taxing district (District) that sets the state sales tax rate at 2.75% for transactions that occur within that portion of a good life district established pursuant to the Good Life Transformational Projects Act which is located within the corporate limits of a city or village. This rate is identified in the Nebraska sales and use tax rates and boundaries quarterly files.

Per Section 308 of the SSUTA, a member state is prohibited from having multiple state sales and use tax rates on items of personal property or services, except that a member state may impose a single additional rate, which may be zero, on food and food ingredients and drugs as defined by state law pursuant to the SSUTA.

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Although this is prohibited under Section 308 of the SSUTA, Nebraska has identified in each record in the state's rate and boundary files provided under section 305 to which the rate applies.

Status as of March 27, 2025 – No known change from above. (Note: The Streamlined Sales Tax Governing Board considered an amendment to the SSUTA (AM24001A01) in October 2024 that would have allowed a state to have more than one state rate in certain limited circumstances. The amendment did not pass.)

Executive Committee Sanctions Recommendation - Nebraska

Based on the above information and in accordance with Section 809 of the SSUTA and SSTGB Rule 809, the Executive Committee met and recommends the following sanction(s):

- Nebraska is not allowed to vote on other state's compliance as long as this issue exists. (Note: The sanction recommendation will be removed if action during the current legislative session resolves the issue.)

Ohio

Ohio was voted to not be in substantial compliance with the SSUTA in October 2024. Below is a brief description of the compliance issue:

Ohio adopted a sales tax holiday on all tangible personal property other than watercraft or outboard motors required to be titled pursuant to Chapter 1548, Ohio Revised Code, motor vehicles, alcoholic beverages, tobacco, vapor products, or an item that contains marijuana that is \$500 or less.

Section 322 of the SSUTA provides that a Sales Tax Holiday can only apply to items that are specifically defined under Part II or Part III of the Library of Definitions. Tangible personal property is not defined in Part II or Part III of the Library of Definitions.

Ohio's sales tax holiday was held July 30, 2024 until August 8, 2024. Ohio notified vendors of the sales tax holiday dates on May 31, 2024. Therefore, the notice requirement in Section 322 also has not been met. It was noted that the notice requirement issue should not be a recurring issue.

Status as of March 27, 2025 – No known change from above. The Streamlined Sales Tax State and Local Advisory Council (SLAC) along with the Business Advisory Council (BAC) has created a workgroup that is developing a proposed amendment to the SSUTA that would allow a member state to enact a sales tax holiday on all tangible personal property and also allow the state to exclude certain items from that holiday. It is unclear at this time if the amendment being developed

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would fully resolve Ohio's compliance issue or whether it would be adopted by the Governing Board.

Executive Committee Sanctions Recommendation - Ohio

Based on the above information and in accordance with Section 809 of the SSUTA and SSTGB Rule 809, the Executive Committee met and recommends the following sanction(s):

- Ohio is not allowed to vote on other state's compliance as long as this issue exists. (Note: The sanction recommendation will be removed if action during the current legislative session resolves the issue.)