



Streamlined Sales Tax Executive Committee Meeting Minutes
Monday, December 9, 2019, 10:00 am central
Teleconference

Call to Order and Roll Call

Representative Kennedy called the open portion of the meeting to order at approximately 10:00 am central. The roll of the Committee was called. Present were Representative Brian Kennedy (RI), Tim Jennrich (WA), Tom Atchley (AR), Senator Dwight Cook (ND), Senator Wayne Harper (UT), Representative Tim Reed (SD), Senator Ann Rest (MN) and Clark Jolley (OK). Absent were Diane Hardt (WI) and Dan Noble (WY). Others on the call included Mike Walsh, Lance Wilkinson, David Steines, Andy Coultis, Terri Lucero, Rebeca Rockwell, Ed Strickland, Merry Hopkins, Alison Jares, Mike Bailey, David Campbell and Scott Peterson.

Review and approve minutes from October 2, 2019 Executive Committee Meeting (EM19006)

Representative Kennedy asked for comments on the October 2nd minutes. None were received. Clark Jolley motioned to approve EM19006. A voice vote was taken and was unanimous. Motion carried.

CSP Contract Update

Representative Kennedy stated CSP contract negotiations are ongoing. We have a contract through Dec 31, 2020. The remaining issues to resolve relate to the multilevel marketing companies, marketplace facilitators and the actual compensation rates – as well as how to handle separate agreements the CSPs may enter with non-member states that may have more favorable terms. We did also have discussions with the CSPs individually relating to their varying business models and the need to make sure all business models are considered as the process moves forward. We felt the meeting in St. Paul really made some progress and we are getting closer to an agreement. Both sides are working on some proposed language and it is anticipated that the group will get together again in January for further discussions related to the remaining issues. Mike Walsh stated we may end up signing a contract with some but not all of the current CSPs based on current discussions. Craig added the CSPs are working on language regarding MLMs and Marketplace Facilitators.

Finance Committee

Craig Johnson provided the Finance Committee update. We did get our final independent auditors report. The report and opinion are published on our website. The report did issue an opinion that the financial statements fairly represent our operations. They are wrapping up completion of form 990 and expect it will be filed shortly. Craig hasn't received the 1st quarter financial report. The Finance Committee will have a meeting in January to review 1st and 2nd quarters.



Nonmember State Involvement (MC19008 and MC19009)

These draft documents were shared at the Governing Board meeting in Charleston. We wanted the states, CSPs and the business community to review them and provide some feedback. We haven't heard anything from anyone at this point. It is extremely important to get nonmember states to engage and consider some of the SST simplifications – if they just can't get to full membership. It is of great importance to simplify and remove undue burdens on remote sellers if we want to retain remote seller collection authority and not have Congress step in. We need to have clear guidelines on what the SST member states and the CSPs expect nonmember states to do to participate with us.

These documents were also shared at the recent NCSL State and Local Taxation Taskforce meeting. We would welcome feedback and expect to have more discussions on this at the upcoming Governing Board teleconference on December 20.

Craig stated he needs to know what he can tell nonmember states on what is enough to participate with Streamlined. He has had contact with a couple states that are interested in participating to a certain extent but likely cannot get to full membership. We need to have further conversations in December to discuss and approve these documents as state legislative sessions will be starting shortly after the first of the year. Please provide comments to Craig as soon as possible.

2020 Planning Meeting

The 2020 planning meeting is happening January 19 - 20 in Dallas, TX. Representatives of the Governing Board, BAC and CSPs will get together to discuss plans and goals for the next year. Some of the topics will include: Non-member state engagement and involvement, education about requirements for remote sellers to collect and resources available, federal legislation – what may or may not happen, issues of importance to the BAC and issues of importance to the CSPs.

Executive Director Update

Craig wanted to make the Executive Committee aware of an issue we are starting to encounter due to the growth in Streamlined registered sellers and sellers using CSPs. Due to the increases in number of sellers and transactions being processed by CSPs, the Appendix F data files are getting extremely large. Appendix F data files are the files the CSPs submit to Streamlined and the states that contain the detail of the transactions processed as well as the compensation claimed by the CSPs. It is important to understand that this is not only a CSP issue, but also a state and possibly an SST issue due to the method the files are transmitted to us (file sizes, upload times, etc.). We need to find a method that works for the CSPs as well as the states.

We are going to work with the Certification and Audit Committees on various solutions and this will be a topic of discussion at our upcoming meetings. Between now and then – I will be



working with various representatives of the CSPs and the states to determine the various options available. Shannon Hugel from Washington has also been very helpful in considering various options. It is likely that this will result in changes to our current Appendix F data requirements and if so, these changes will likely be brought forward for consideration and possible approval at the May 2020 Governing Board meeting.

Craig stated the Streamlined registrations and collections continue to grow. As of this morning there were over 8,500 active registered sellers (an increase of over 4,600 since Wayfair) and over 2,800 using CSPs (about 34%). SST collections in several states have more than doubled between the January through June 2019 period (post-Wayfair) compared to the January – June 2018 period (pre-Wayfair) – Collections reported to me to date are about \$4.5 billion. He asked states to continue to send this data

In accordance with our rules, Craig will be noticing a 30-day public comment period related to the states that were found not in compliance. We know that some of the states have been and are working on getting these issues resolved so I will be reaching out to get a status update. After the public notice period, the Executive Committee will meet to discuss if any sanctions should be recommended at this time. He anticipates that the recommendations will be placed on the Governing Board agenda for the May 2020 meeting. The Governing Board will then discuss and vote.

Upcoming Executive Committee meetings

January 10, 2020 – Teleconference – 10 am central

Upcoming Governing Board Meetings

December 20, 2019 – Teleconference – 10 am central

May 19-21, 2020 – Tacoma, WA

Old Business

None

New Business

None

Adjournment

Tim Jennrich motioned to adjourn at 10:33 AM Central.