



Streamlined Sales Tax Executive Committee Meeting Minutes
Friday, February 25, 2022, 10:00 am central
Teleconference

Call to Order and Roll Call

President Jennrich called the meeting to order at approximately 10:00 am central. The roll of the Committee was called. Present were Tim Jennrich (WA), Richard Dobson (KY), Michael Walsh (NE), Laura Stanley (OH), Lance Wilkinson (MI), Senator Dina Neal (NV) and Senator Jessica Bell (ND). Absent were Senator Curt Bramble (UT), Representative Tim Reed (SD) and Senator Rest (MN). With seven out of ten members present, the quorum was established.

Development of Executive Committee Recommendation of Sanctions on Georgia and Nevada

- o Current Sanctions Being Imposed (Georgia Only) – EC21001A01
- o Public Notice Related to Possible Sanctions on Georgia and Nevada – PN22001

President Jennrich stated the Executive Committee is responsible for developing a written recommendation of sanctions for the Governing Board to consider at its next meeting for the two states (Georgia and Nevada) the Governing Board found not in compliance in 2021. Craig sent out the notice for public comments and no written public comments were received.

Craig reviewed the issues for which Georgia is not in compliance with the SSUTA. The issues are the same issues upon which Georgia has been sanctioned in the past. Tim asked for comments. Amy Oneacre stated there is a legislator working with the Georgia Chamber of Commerce to draft a bill to help get Georgia back into compliance. Amy stated the department was willing to meet with them to draft the bill, but they haven't had any follow-up in two weeks. Tim Jennrich stated he is ok moving forward with continuing the current sanctions that are in place. Richard Dobson motioned to approve the sanctions. No comments were received. A voice vote was taken and was unanimous. Motion carried.

Craig walked through the issue for which Nevada is not in compliance with the SSUTA. The issue relates to sales tax holidays under section 322. The specific issues that Nevada is not in compliance with respect to sales tax holidays are that the exemption can't be use-based, sellers cannot be required to obtain exemption certificates, they must provide at least 60 days advance notice of the holiday and the various uniform administrative requirements contained in Section 322 related to layaway sales, coupons and discounts, rainchecks, exchanges, backorders and different time zones.

Craig stated he and staff have been in contact with the Nevada Legislature. Guy stated their legislature is not scheduled to be in session until 2023 but they are looking to correct the issue.

Tim Jennrich asked the Executive Committee if they have any questions. Tim stated there is a compliance issue and sanctions similar to those imposed on Georgia could be valid. However,



in the past, we have delayed initially imposing sanctions to give the state time to correct the issue, when the state has indicated that they want to get back in compliance as soon as possible. The most recent example of this was how the compliance issue faced by Rhode Island was handled. Laura Stanley, Mike Walsh and Richard Dobson stated they agree with delaying imposing the sanctions similar to how Rhode Island was handled previously. They indicated they thought we did something similar with Georgia the first year they were found out of compliance as well.

Mike Walsh wondered if we were being too restrictive with the sales tax holidays. Guy Childers (NV) stated he believes the section is reasonable. Tim Jennrich stated we may be able to look at this moving forward so we can stay modern with these holidays, but also relieve the burden on sellers. Craig Johnson also indicated that in the post-Wayfair world the uniformity in these types of areas is that much more important because things like sales tax holidays can affect every remote seller and expecting remote sellers to be aware of and follow different rules in each state would certainly be cause for concern from his perspective. We really need to be thinking about what might create undue burdens on interstate commerce.

Lance Wilkinson asked if the sanctions would be imposed if they don't make legislative adjustments in 2023, or if we will revisit it at that time. Tim indicated his thought was that the Executive Committee would recommend sanctions now but also recommend delaying implementation of the sanctions until 2023.

Senator Neal stated she is okay with sanctions because it is a big deal to be a Streamlined member state, and certain people in the state didn't understand the magnitude of not following the agreement when you are a member state. Senator Neal also indicated that she wants to get this issue fixed.

Richard Dobson motioned to recommend sanctions on Nevada to not be able to vote on other state's compliance and have that go into effect upon approval by the Governing Board, and if Nevada does not correct the issue in 2023, to further sanction them to not be able to vote on amendments to the SSUTA. Tim Jennrich asked if there was any discussion. A question was raised as to whether the recommended sanctions would impact Guy Childers' ability to vote on issues that come before CRIC since he is serving on that committee. Craig Johnson indicated that under the organization's bylaws, the members of CRIC are selected as individuals and not representatives of their state. Craig indicated that Guy Childers would still be able to participate in and vote on issues that come before CRIC and if the Executive Committee or Governing Board think otherwise, that should be included in the recommended sanctions. No additional comments were received. A voice vote was taken and was unanimous. Motion carried. Tim asked Craig to write up the final sanctions recommendations and post them for approval at the Executive Committee meeting that will be taking place on March 25th.



Review and Consideration of Proposed Budget Adjustment for FYE 6/30/2022 (FC20006A02) and Proposed Budget Adjustment for FYE 6/30/2023 (FC21005A02)

President Jennrich stated that the Executive Committee previously approved moving forward with adding a position to the Governing Board staff as requested by Craig at its December 2021 meeting. Although the adding of the position was approved, the budgets for FY 2022, FY 2023 and forward will be affected and need to be adjusted. Under the SSTGB Rules the Executive Director has authority to spend up to 10% more than was budgeted for a specific line as long as funds in other parts of the budget exist to cover the additional amount. Due to the fact that by the time the announcement of the position, interviews and hiring of the new position take place, it will likely be near the end of the FY ending June 30, 2022 before a new person would start. Therefore, it is unlikely that the salary, taxes and retirement expense would exceed 10% of the budgeted amounts. However, getting a new hire the required equipment, etc., would likely exceed 10% of that budgeted amount and therefore requires approval of the Governing Board. There are funds in other parts of the budget available to cover these additional expenses in FYE 6/30/2022 so although an adjustment to the overall spending may not be required, the proposal was prepared showing what the overall impact on the FYE 6/30/2022 budget could be.

For fiscal year ending June 30, 2023, the potential salary, taxes, retirement, and additional travel expenses would exceed the 10% allowance and although it is possible that the overall increases in these expenses can be offset partially by other amounts based on historical spending, it may not be possible to offset all of the changes and therefore could result in an overall increase in spending.

The Finance Committee met on February 4th (and continued the meeting to February 7th) to review the revised budgets prepared by Craig. After various discussions, the Finance Committee recommended approval of the revised budgets distributed for this meeting, most notably with no dues increase to cover the additional costs. Tim Jennrich stated the budget adjustments had the full support of the Finance Committee, so he believes we should move forward. The Finance Committee also asked Craig to look at the last couple years' budgets and compare them to actual to see how the actual expense lined up to the budgeted expenses. In each of those years, the Governing Board came in under budget. Based on this, it is anticipated that we should be able to absorb most of the additional funds necessary without needing to increase dues. If after the first full year we find that we are dipping into our reserves, we can consider possible dues increases at that time.

Richard Dobson motioned to approve the changes for both budgets. No comments were received. A voice vote was taken and was unanimous. Motion carried.

Tim indicated that the next step in this process would be to have the full Governing Board consider and approve the revised budgets so Craig can move forward and get this person in place as soon as possible.



Upcoming Executive Committee meetings

March 25, 2022 – Teleconference (10 am central)

May 24, 2022 – Tacoma, WA (as part of Spring meetings)

July 22, 2022 – Teleconference (10 am central)

October 2022 – Annual meeting (dates and location to be determined)

December 15, 2022 – Teleconference (10 am central)

January 13, 2023 – Teleconference (10 am central)

Upcoming Governing Board Meetings

Spring meeting, May 23 - 25, 2022 – Tacoma, WA

Annual meeting, October 2022 – Location TBD

December 22, 2022 – Teleconference (10 am central)

Old Business

None

New Business

None

Adjournment

President Jennrich adjourned at 11:15 AM Central.